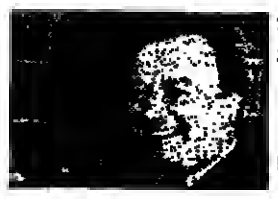
Trade with Japan
Why the US should use a strong arm
Page 12



Kenneth Clarke
Why I may have to raise UK taxes
Interview, Page 13

Mashed and smashed
Sweden's costly foray into foreign property
Page 22

TOMORROW'S
Weekend FT
Robot surgeons at the cutting edge

FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY JUNE 25 1993 — D8523A

Babangida due to outline political future for Nigeria

General Ibrahim Babangida, Nigeria's military leader, is expected to outline a new political programme in a national broadcast today following the annulment of presidential elections earlier this month.

Britain and the US yesterday imposed minimal military sanctions against Nigeria, more symbolic than substantial, but the Foreign Office in London said Britain would be discussing appropriate action with Washington and the European Community and did not rule out further sanctions. Page 4

Market access talks fail: Trade ministers from Canada, Japan, the US and the European Community failed to settle differences on opening their markets, putting in jeopardy a trade liberation package due at next month's Group of Seven summit in Tokyo. Page 6

Northern Ireland minister Mates resigns

Northern Ireland minister Michael Mates (left) resigned from the UK government after mounting pressure over his links with fugitive tycoon Asil Nadir. Mates had been fighting for his political life since the disclosure that he sent a watch to Nadir with the inscription "Don't let the buggers get you down". His decision to go came after prime minister John Major had expressed support for him. Page 14; Joe Rogaly, Page 12

Channel tunnel cash call: Eurotunnel may need to raise an additional £1bn ($1.5bn) to pay for the Channel tunnel between England and France with an equity issue, possibly in the first half of next year. Page 20

AEG, the electrical engineering unit of German industrial group Daimler-Benz, is in co-operation talks with Groupe Schneider, the French electrical engineering and construction group. Page 15

Wall Street move: Robert Greenhill, a senior investment banker at Morgan Stanley and the firm's former president, is joining Primerica's Smith Barney Shearson securities brokerage unit as chairman and chief executive. Page 15

LDP attacks party rebels: Japan's ruling Liberal Democratic party attacked the record of the leaders of 44 defectors who this week set up a party to challenge the LDP in a snap general election on July 18. Page 14; US sets conditions for delaying sanctions, Page 6; Strong arm tactics, Page 12

Lonrho, the international trading conglomerate, reported a 74 per cent rise in half-year pre-tax profits to £87m ($130.5m) after a series of disposals. Page 15; Lex, Page 14

Assassination attempt charges: Eight men have been arrested in New York for allegedly plotting to assassinate United Nations secretary-general Boutros Boutros Ghali, Egypt's President Hosni Mubarak and New York Senator Alphonse D'Amato. Page 5

Germany's European exports face fall: German exports to the rest of Europe could fall by 1.5 per cent this year, but trade with north America and Asia may improve, the German chambers of commerce and industry said. Page 3

Bosch, privately-owned German motor components, electronics and appliances group, is to cut costs further following a 29 per cent drop in pre-tax earnings to DM1.36bn ($810m) last year. Page 18

Goodyear Tire & Rubber, only surviving large US-owned tyre group, forecast a rise in second-quarter earnings to between $130m and $140m on sales of around $3bn. Second-quarter profits last year were $106.9m. Page 17

Dozens die in Moscow tanker blaze: Dozens of people died when a tanker-truck crashed and exploded in Moscow and three trolley-buses caught fire.

Ferruzzi creditors: Société Générale and Banque Nationale de Paris are among the foreign banks most heavily exposed to Italian industrial group Ferruzzi. Page 15

Lendl out of Wimbledon: Ivan Lendl, at 33 the oldest man in Britain's Wimbledon lawn tennis championships and the No 7 seed, was knocked out in the second round by Frenchman Arnand Boetsch, 4-6, 7-5, 6-3, 6-4.

■ STOCK MARKET INDICES		
FT-SE 100:	2894.7	(-6.0)
Yield	3.96	
FT-SE Eurotrack 100	1198.58	(+2.41)
FT-A All-Share	1428.44	(-0.1%)
Nikkei	19,685.07	(+192.55)
New York: lunchtime		
Dow Jones Ind Ave	3478.54	(+12.73)
S&P Composite	445.09	(+1.90)

■ US LUNCHTIME RATES	
Federal Funds:	3%
3-mo Treas Bills: Yld	3.147%
Long Bond	104$\frac{3}{32}$
Yield	6.737%

■ LONDON MONEY		
3-mo Interbank	5$\frac{11}{16}$%	(5$\frac{15}{16}$%)
Liffe long gilt future:	Jun 107$\frac{13}{32}$	(Jun107$\frac{3}{32}$)

■ NORTH SEA OIL (Argus)		
Brent 15-day (Aug)	$N/A	(17.52)

■ Gold		
New York Comex (Aug)	$376.1	(375.5)
London	$373.8	(368.0)

■ STERLING		
New York lunchtime:		
$	1.4685	
London:		
$	1.4685	(1.4725)
DM	2.5125	(2.4925)
FFr	8.45	(8.3825)
SFr	2.2325	(2.2175)
Y	160.25	(160.75)
£ index	79.4	(79.2)

■ DOLLAR		
New York lunchtime:		
DM	1.7085	
FFr	5.75675	
SFr	1.51745	
Y	109.265	
London:		
DM	1.7115	(1.6935)
FFr	5.755	(5.6925)
SFr	1.5195	(1.506)
Y	109.1	(109.15)
$ index	66.0	(65.7)
Tokyo close Y 108.6		

Austria	Sch30	Germany	DM3.30	Lux	LFr60	Qatar	QR12.00
Bahrain	Din1.250	Greece	Dr300	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr60	Hungary	Ft172	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lv25.00	Iceland	IKr180	Neth	Fl 3.75	Slovak Rp	KSL45
Croatia	HRD5700	India	Rs40	Nigeria	Naira45	Slovenia	SLT220
Cyprus	C£1.00	Isra. I*	Shk5.90	Norway	NKr16.00	Spain	Pta200
Czech Rp	Kcs45	Italy	L2700	Oman	OR1.50	Sweden	SKr15
Denmark	DKr15	Jordan	JD1.50	Pakistan	Rs35	Switz	SFr3.20
Egypt	E£4.50	Korea	Won 2500	Philippines	Pso45	Syria	S£50.00
Finland	FM12	Kuwait	Fils.600	Poland	Zl 22,000	Tunisia	Din1.250
France	FFr9.00	Lebanon	US$1.25	Portugal	Es215	Turkey	L7000
						UAE	Dh11.00

Japan urged to set target for trade surplus cut

Commission joins US in calling for clear timetable from Tokyo

By Michiyo Nakamoto and Charles Leadbeater in Tokyo

THE European Commission yesterday joined the US in calling on Japan to set a clear target and timetable for reducing its trade surplus which could reach $150bn this year.

The Commission shared the US view that Japan's trade surplus as a proportion of GNP was so substantial that it was a destabilising factor in world trade, Sir Leon Brittan, EC commissioner for external economic affairs, said in Tokyo.

Sir Leon said: "The EC, like the US, has a real problem with the Japanese trade surplus. We would agree with the US that the percentage of GNP represented by the trade surplus is excessive and should be reduced."

The Japanese surplus is likely to reach about 3.5 per cent of Japanese gross national product this year, largely because slow growth in Japan has depressed demand for imports.

A senior US administration official said a reduction to 1.5 per cent of GNP would create in excess of 1m jobs elsewhere in the world economy. Hundreds of thousands of the jobs would be in the US.

The official said the political turmoil in Japan following the government's defeat in a no-confidence motion last Friday would not lead the US to back off from its demands that the Japanese agree to measureable targets to reduce the surplus.

He said: "Continuity in our strategic and security relationship with Japan requires discontinuity in our economic relations, with a fundamental change in the way Japan relates to the world."

The US and Japan will hold talks over the weekend to draw up a framework for talks on substantive issues such as access to the Japanese market and reduction of the surplus over the next three years.

The EC wants the surplus reduced more quickly. Sir Leon said: "We think it is necessary to have some kind of yardstick that can be applied sooner than three years."

The administration official said recent pump-priming measures by the Japanese government had only presented a further tightening of fiscal policy at a time when Japan and the world economy was already suffering from a deficiency of domestic demand.

He denied the US was seeking managed trade agreements which would specify a share of the Japanese market for foreign suppliers.

Instead, he said, the US would look at a range of measures such as the rate of growth of imports, comparisons of foreign market share between Japan and other markets, the representation of foreign interests on standard setting bodies and the scale of foreign investment in manufacturing industry.

US sets conditions ...... Page 6
Strong-arm tactics ...... Page 12

Co-ordinated attacks strike at Turkish targets throughout Europe

Route to safety: The wife of the Turkish consul-general in Munich is taken away by stretcher after the consulate was overrun by Kurdish terrorists who took hostages as part of a Europe-wide series of assaults

Kurds hold 10 hostage in Germany

By Ariane Genillard in Bonn

KURDISH MILITANTS were holding 10 hostages at the Turkish consulate in Munich last night as part of an unprecedented wave of co-ordinated attacks yesterday on Turkish targets across western Europe.

Small groups of militants wielding iron bars and axes went on the rampage in 20 German cities and towns – including Berlin, Hamburg, Hanover, Dortmund, Bonn, Frankfurt and Stuttgart – breaking windows and furniture in Turkish shops and banks. The North Rhine-Westphalia police said they had arrested 28 militants.

Turkish tourism offices, airlines and banks in Geneva, Zurich, Copenhagen, Stockholm and Lyons were also attacked.

In Berne, Switzerland, one demonstrator died and seven were wounded when gunfire erupted among Kurdish militants, police and Turkish embassy personnel, the Swiss government said.

In Marseilles, Kurdish attackers released up to 10 hostages at the Turkish consulate unharmed and surrendered to police after a siege lasting nearly three hours.

It was unclear last night whether the attacks had been co-ordinated by the Marxist Kurdistan Workers' Party (PKK), which is fighting a guerrilla campaign for a Kurdish state in south-east Turkey. Reuters news agency reported that the PKK had claimed responsibility for the attacks. However, police in Munich said the gunmen denied acting as PKK agents.

All the attacks took place within a few minutes at about 10 am (0800 GMT). Police said the scale and degree of co-ordination was unprecedented.

Munich police said the gunmen holding hostages in the Munich consulate were demanding Chancellor Helmut Kohl appear on television and "call on the Turkish government to stop the war against Kurdistan". After the demand, the gunmen last night released 10 women hostages.

Mr Walter Renner, Munich

Continued on Page 14
Who are the PKK? Page 3

Attali was reimbursed twice for Tokyo flight

By Robert Peston in London

MR Jacques Attali, president of the European Bank for Reconstruction, admitted last night he had been reimbursed twice for a first class return flight to Tokyo, but said that this had been the result of a "clerical error". Mr Attali, who has been widely criticised for the bank's overspending, also said he had accepted a $30,000 fee for making a speech in May 1992 in Japan, but added he had since paid the funds to three unnamed Jewish charities.

"This goes beyond misjudgment", said an EBRD director who represents one of the G7 group of leading industrial countries. He said he would be raising Mr Attali's speech fee and travel expense with his government.

An EBRD executive said: "I would not dream of taking fees from outside work. It is quite clearly against the spirit of the staff handbook".

The EBRD's staff handbook says: "Bank official and staff members owe their duties entirely to the bank". It adds that bank officials shall not "accept any remuneration from any government, entity or person in connection with their appointment or service with the bank".

Mr Attali said last night that his personal assistant, Mr François Olive, had issued instructions earlier this month that the bank be reimbursed for the travel to Tokyo.

An EBRD official said Mr Attali flew first class to Tokyo from London on a British Airways flight on May 13 1992 and returned to Paris by Japan Air Lines on May 15. The cost of such a round trip was approximately £7,000 ($10,300).

Mr Attali made the speech on at a conference organised by Asahi Shimbun, the leading Japanese daily newspaper. An EBRD official said Mr Attali had signed the contract before joining the EBRD.

Mr Attali said: "I would like to point out in no uncertain terms that with the salary I make from the bank and the revenue from my books, I do not need to make money from travel reimbursements". He added: "I have given some 80 speeches in the last two years. In almost all cases, they have been free of any fees."

Waigel cancels French talks after attack on Bundesbank

By Christopher Parkes in Frankfurt, Alice Rawsthorn in Paris and Peter John in London

MR THEO WAIGEL, German finance minister, yesterday pulled out of a meeting booked for today with Mr Edmond Alphandéry, his counterpart in the Paris government, after the French minister criticised the Bundesbank's "restrictive" interest rates policy.

Mr Alphandéry said on radio that he had called the top-level meeting on his "own initiative" and hoped to use it as a forum for "a joint discussion of the conditions for a concerted reduction in French and German rates".

He urged Germany to speed up cuts because Europe was "suffering from overly-restrictive monetary policies, notably tha unduly restrictive German policy".

The Bonn finance ministry claimed the routine meeting of the Franco-German economic and finance council had been postponed because of pressure of work on Mr Waigel. Officials said it was quite normal for dates to be rearranged at short notice.

Howaver, Mr Alphandéry's remarks touched a sensitive spot at a sensitive time.

Mr Waigel is preoccupied with preparing and sounding out opinions within the coalition and parliamentary groups on a crucial package of government spending cuts.

He is under heavy pressure from the Bundesbank to push through a package which will convince the central bank and foreign exchange markets that Germany's fast-growing public sector deficits can be controlled.

The Bundesbank, which was to have been represented by its president, Mr Helmut Schlesinger, at today's meeting, appears increasingly willing to resume rate reductions to help boost the economy. But it is constrained by the recent instability of the D-Mark, and was unlikely to have taken kindly to Mr Alphandéry's tone.

The remarks reflected France's growing assertiveness as the franc has strengthened against the D-Mark. French official short-term rates fell below those of German levels this week for the first time in 26 years.

Mr Alphandéry's call for a meeting also gave an immediate boost to French government bond markets, with the long-term spread between French and German bond yields hitting a new low of 3 basis points yesterday.

The D-Mark weakened yesterday, particularly against the dollar, which broke through the DM1.71 barrier to close almost two pfennigs higher in London at DM1.711.

Clarke might raise UK taxes

By Philip Stephens and Peter Norman in London

MR Kenneth Clarke, Britain's new chancellor of the exchequer, has bluntly warned that he is ready to raise taxes in the November budget unless an acceleration in the pace of economic recovery brings a faster reduction in government borrowing.

In an interview with the Financial Times, Mr Clarke said the medium-term projections set by Mr Norman Lamont, his predecessor, would leave the deficit at too high a level.

Mr Clarke also signalled that there was no immediate prospect of a further reduction in interest rates, stressing that economic recovery was now under way and that he was determined not to take risks with inflation.

Mr Clarke said economic growth alone could not close the £50bn ($74bn) annual gap in the UK government's finances. Based on current projections, the deficit would come down to about 4 per cent of national income by 1996-97. He rejected as "unrealistic" the idea that the government could squeeze spending below the ceilings already agreed by the cabinet for the next three years.

"The stronger or more sustained growth becomes, the less likely I am to look at the tax side of the account. If growth shows signs of faltering or weakening, the more likely I am to look for revenue."

Interview in full, Page 13

CONTENTS

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Eurotunnel may need to raise extra funds
Eurotunnel may seek additional funds "of under or around £1bn ($1.47bn)" to pay for the Channel tunnel, perhaps with an equity issue in the first half of next year, shareholders were told. Page 20

Smith New Court issue welcomed
Smith New Court, the UK securities house, raised pre-tax profits to up 110 per cent ensuring a warm welcome for its announcement of a £41.2m ($60m) rights issue, its first since 1985. Page 16

Gradual rise for TSB
TSB Group saw a modest rise in pre-tax profits in the first half, as economic recovery helped halve provisions for bad and doubtful debts from the second half of 1992. Page 18

BNP warns of fall
Banque Nationale de Paris (BNP), one of France's largest banks and a target for privatisation by the new French government, has warned of a substantial fall in net profits for the first half. Page 16

Nomura head takes the long view
Mr Hideo Sakamaki, president of Nomura Securities, puts Japan's political turmoil into a longer-term perspective and says "it will be better for the country to go through this change." Meanwhile Nomura has been going through its own changes – net profit tumbled by almost 90 per cent last year and computer-related spending has fallen from Y44.8bn in 1991 to Y18bn ($165m). Page 18

Bosch tries to stem earnings drop
Bosch, the privately owned motor components, electronics and appliances group is to cut costs further following a 29 per cent drop in pre-tax earnings last year. Page 18

SW Electricity raises payout
South Western Electricity, the power supplier and distributor, announced a 22 per cent rise in pre-tax profits to £101.1m ($148m) and a 15 per cent increase in the dividend. Page 20

TI in Messier-Bugatti link
TI, the specialist engineering group, is to set up a joint venture between its Dowty aerospace division and Messier-Bugatti of France, in what would become the world's largest aircraft landing gear manufacturer. Page 21

Anglo American vies for copper
Anglo American Corporation of South Africa is laying the groundwork for a huge copper business in South America. If all goes to plan, Anglo would jump from about fifth place among the world's leading copper producers possibly to challenge Codelco in Chile, which leads the field. Page 32

Indonesian equities bounce back
After an almighty crash in 1991, the Indonesian stock market was all but written off as a backwater of poor earnings growth, low turnover and ceaseless scandal. But like one of the archipelago's many volcanoes, equities have bubbled back to life. Back Page

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Volkswagen	356.3	+	5.3
Falls			
Bayer Verein	415	–	9.5
Deutsche Bk	676.2	–	10.8
Douglas	471	–	18
Metallgesch	323	–	6.5

NEW YORK ($)

Rises			
Goodyear Tire	40⅞	+	2
Motorola	84	+	1⅛
Schering-Plough	70¼	+	1⅞
Sun Microsystems	28⅛	+	1
Falls			
Digital Micro	8¼	–	3⅛
Intel	53¾	–	1⅛

PARIS (FFr)

Rises			
Alcatel Alsthm	667	+	11
Ecco	431	+	11
Imetal	456	+	22.4
Lafarge Cpee	388	+	14.5
Pernod Ricard	386	+	12.3
Falls			
Cred Local Fr	413	–	8.5

TOKYO (Yen)

Rises			
Chugoku E Pwr	2830	+	100
Daimaru	885	+	55
Indust Bk Jpn	2980	+	110
Kawasaki	479	+	48
Meiji Machine	629	+	69
Falls			
Bk Okinawa	6210	–	280

New York prices at 12.30.

LONDON (Pence)

Rises			
Amber Ind	435	+	50
Aminex	30½	+	3
BWD Sec	95	+	11
Billam (J)	288	+	22
Chaf Res	34	+	4
Comac	85	+	15
Denmans Elec	335	+	18
Forward Grp	253	+	15
Geskitner	120	+	6
Lonrho	121	+	7½
Pict Pet	122	+	7
Smith New Ct	285	+	35
Tex Hldgs	48	+	5
Falls			
Airtours	324	–	15
Ball (AH)	53	–	22
Cornwell Pkr A	150	–	9
Cranswick	181	–	11
Hartstone	34	–	3
Intercare	187	–	5
Owners Abroad	87	–	4
Sherwood Grp	163	–	15
Simon Eng	38	–	3
Stoddard Sekrs	40	–	4
Willoughby's	98	–	10

SocGen and BNP hit by Ferruzzi

By Haig Simonian in Milan

SOCIETE GENERALE and Banque Nationale de Paris are two of the foreign banks most heavily exposed to Ferruzzi, the diversified Italian industrial group, which owes foreign lenders about L6,500bn ($4.3bn).

French banks, which also include Crédit Lyonnais, figure among the biggest of Ferruzzi's foreign creditors because of loans to Eridania Béghin-Say, the group's Paris-based agro-industrial business.

EBS had net indebtedness of FFr14bn ($2.51bn) at the end of last year, while the ratio of its net debts to equity was 88 per cent. Some French banks also lent directly to the Ferruzzi Finanziaria (Ferfin) holding company.

Details of the group's bank credits remain secret. The local heads of both French banks were in discussions, believed to be about the Ferruzzi crisis.

The talks on Ferruzzi's borrowings came amid signs of a rapprochement between the group's five main Italian creditor banks, handling the restructuring, and leading foreign lenders. Mr Guido Rosa, the local head of Société Générale, who is also chairman of the foreign banks' association in Italy, is expected to be one of possibly two foreign bankers who may be co-opted on to the five-bank committee.

Separately, further details have emerged about the Italian banks' exposure. Banca Commerciale Italiana, one of the members of the five-bank committee, is thought to have lent about L1,000bn, while Banca Nazionale del Lavoro, the big, treasury-owned bank, which is not on the committee, is thought to have lent slightly less.

Attempts to uncover the extent of banks' exposure have been accompanied by efforts by some creditor banks to distinguish between lending to Ferruzzi's profitable operating subsidiaries, which have strong cash flows, and Ferfin.

The bulk of lending by Citibank, which organised a number of syndicated loans for the US chemicals operations of Ferruzzi's Montedison industrial arm, is tied to the operating subsidiaries. Most of the bank's positions in the syndicated loans it arranged were sold on to other institutions. Citibank's overall exposure to the Ferruzzi group is now somewhat over L100bn.

Among other foreign banks believed to have lent heavily are Union Bank of Switzerland and some big German banks. "UBS started winning investment banking business from Ferruzzi because of its big credit exposure", said one US investment banker, who worked actively on Ferruzzi deals. The bank was unavailable for comment yesterday.

Primerica reshuffles securities division

By Patrick Harverson in New York

MR ROBERT Greenhill, a senior investment banker at Morgan Stanley and the firm's former president, is joining Primerica's Smith Barney Shearson securities brokerage unit as chairman and chief executive.

The appointment, the most significant move by a senior Wall Street figure in several years, was part of a management reshuffle by Mr Sanford Weill, chairman of the US financial services group.

Analysts say Mr Greenhill has been hired to build an investment banking franchise to complement Smith Barney Shearson's strengths in equities sales and broking.

Mr Frank Zarb, chairman of Smith Barney before its recent $1bn merger with Shearson, was promoted to group chief executive of Primerica, as was Mr Robert Lipp, former chairman of Primerica's Commercial Credit subsidiary. The two will be responsible, along with Mr Weill, for running Primerica's other interests, including asset management, consumer finance and credit cards, and insurance.

Mr Greenhill only stepped down as president of Morgan Stanley in March. Although at the time Morgan Stanley said he was staying on as a senior investment banking adviser, his dethroning meant industry analysts were not surprised when he jumped ship to another Wall Street firm.

Smith Barney Shearson was formed earlier this year when the retail stockbroking and asset management business of Shearson Lehman, previously owned by American Express, was merged with Primerica's Smith Barney unit.

The investment banking business of Shearson Lehman, however, was not part of the deal, and stayed with American Express. This left the new Smith Barney Shearson operation without an established investment banking operation. Mr John Keefe, securities industry analyst with Keefe Worldwide Services, said: "With all that new sales capacity that came with Shearson, they clearly needed a bigger investment banking presence." The retail stockbroking business of Smith Barney Shearson is likely to be run by Mr Weill and Mr Joseph Plumeri, the former head of retail stockbroking at Shearson, who will be the firm's president.

Nikki Tait on the death of RJR's move to cut debt in a 'smoke-free' zone

Tobacco wars claim a victim in the food sector

The curse of Philip Morris is proving powerful and enduring.

On April 2, the big tobacco and consumer products company decided to slash the price of Marlboro cigarettes, its top-selling brand. That immediately caused mayhem in the lucrative tobacco industry, where rivals – notably RJR Nabisco – scrambled to match the Marlboro move. A price war began.

But the repercussions of Philip Morris's action have extended beyond the tobacco industry, hitting RJR in another business segment regarded as "smoke-free". It has led indirectly to the 11th-hour withdrawal of RJR Nabisco's plan to raise $1.5bn by issuing shares pegged to the performance of its food division.

The slashing of the price of a brand as well known as Marlboro underlined the vulnerability of brands in general in a recession. It also highlighted the extent to which less profitable "own label" products were gaining sales.

The same worries migrated to food stocks which suffered too. The Dow-Jones US food sector index, for example, has dropped by about 10 per cent since the beginning of March.

This "derating" of food stocks has cost RJR Nabisco more than $1.5bn, the very sum it was hoping to raise by selling 93m food-linked shares. The shares (to be known as RN-Nabisco stock) would have represented about a quarter of the food company's equity, with the parent company holding the remaining 75 per cent.

RJR Nabisco, whose food brands include Oreo cookies and Planters peanuts, had indicated a price range for the offering of $17-$19 a share. At $18, it would have been selling the new shares at about 14 times prospective 1993 earnings, roughly in line with other big food companies. But, after an extensive marketing campaign, the company's bankers admitted that they could not round up enough takers at this price and, on Wednesday morning, RJR decided not to lower it.

Those involved in the issue suggest that there was reluctance on the part of the large growth-oriented mutual funds, who would have been the key to the issue's success. "They want to be underweight in this sector," commented one banker.

Whether food sector weakness is the whole story behind the RJR decision is a moot point. For a start, the Nabisco food business is more heavily biased towards the highly competitive US market than some rivals' activities. This is because RJR sold many international food interests to reduce the $30bn debt taken on in the record-breaking leveraged takeover of the company in 1989. Although it has been rebuilding overseas operations, these remain modest: Nabisco Food America had sales of $5.94bn and operating profits of $682m in 1992, for example, while at Nabisco International, the figures were $766m and $87m.

A more fundamental worry was whether the new shares would have counted as a food sector stock anyway. This was not going to be a full demerger of RJR's food division. Although the RN-Nabisco shares were supposed to reflect the earnings progress of the food manufacturing assets, there was to be no legal separation of this business from RJR's tobacco division – with all the litigation and ethical investment baggage that this entails. In the words of one analyst: "This was not a pure food company and, therefore, it shouldn't have traded at an equivalent multiple."

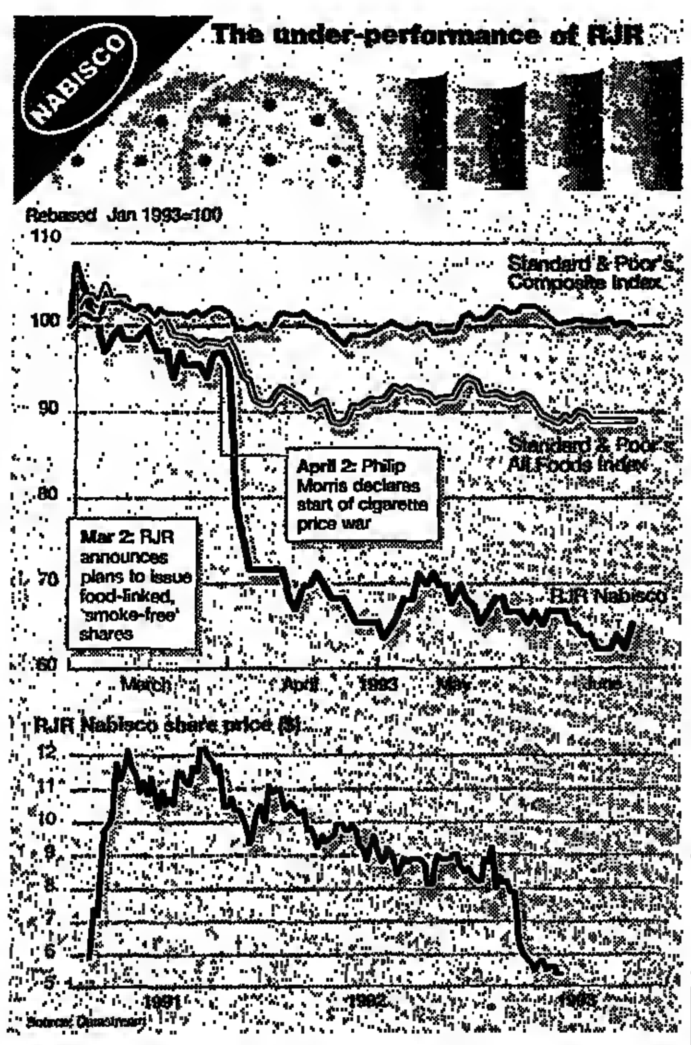
Whatever the reasons, there are three losers. The first is RJR, which is denied $1.5bn. The cash would have reduced borrowings from the current $14bn, cutting interest payments. Offsetting this benefit, however, was the potential dividend bill for the RN-Nabisco shares, which was expected to absorb almost $200m annually. That will now be saved.

This largely explains Wall Street's phlegmatic response to the cancelled issue. RJR shares edged higher on Wednesday and were holding at $5½ yesterday, with some analysts relieved the company had not pursued the RN-Nabisco sale at a lower price.

The big rating agencies also affirmed the group's "investment grade" debt standings, although Standard & Poor's qualified this by saying the rating outlook was "negative" due to cigarette wars.

Fitch, for example, calculates RJR's annual cash flow is just over $4bn. Almost $3bn is needed to fund interest payments, dividends, taxes, capital spending and working capital. "This leaves a considerable cash cushion of almost $1.2bn for debt reduction, acquisitions, or other corporate purposes. This cushion is sufficient to see RJR through the current price war in the tobacco industry without damage to its existing credit ratings," said its analysts.

RJR's debt maturities are reckoned to average about $300m over the next few years – not a problematic amount. And there may be scope for refinancing RJR's most expensive debt – something which the company has been doing continually since the takeover.



But with the shadow cast by the cigarette price wars, no one denies RJR will have its work cut out to get its fast-sinking share price moving upwarde again. This is particularly bad news for Kohlberg, Kravis Roberts, the leveraged buy-out specialists who led the $25bn takeover of RJR. The KKR-run buy-out fund owns more than half RJR's ordinary shares and has seen their value halve over the past 18 months.

Finally, the aborted sale will leave many Wall Street investment houses millions of dollars poorer. According to Securities Data, total underwriting fees on initial public offerings this year have everaged about 7.4 per cent of the issue proceeds. Their consolation is that IPOs are running et heady levels, and the record-breaking $2.1bn flotetion of Allstate Insurance earlier this month went smoothly.

AEG and Schneider in co-operation talks

By David Waller in Frankfurt and Alice Rawsthorn in Paris

AEG, the electrical engineering unit of Daimler-Benz, the Gsrman industrial group, is in co-operation talks with Groupe Schneider, the French electrical engineering and construction group.

The companies are discussing plans to pool resources in their electrical activities. AEG said the talks were limited to exploring possible industrial co-operation in the area of automation technology and components manufacturing, with e view to strengthening the groups' international sales efforts in these areas.

AEG gave no indication of how long the talks had lasted but said that as yet no concrete co-operation agreement had besn reached. It said that the talks were not dissimilar to discussions which the company held on a regular basis with other potential industrial partners, thereby appearing to rule out the possibility of underscoring any future partnership arrangement with Schneider with a share exchange.

Schneider yesterday morning issued e statement saying that it had no specific plans for co-operative ventures with AEG at present. It said later in the day that it had nothing to add to the statement.

The French group is in the process of restructuring its interests following the takeover two years ago of Square D, the US construction company, which left it burdened by heavy debts. It is now trying to raise capital through asset sales and earlier this year agreed to sell Jeumont-Schneider, its electrical components subsidiary, to Framatome, the French nuclear reactor concern.

Schneider has also been affected by the problems of Spie-Batignolles, its troubled French construction subeidiary. The FFr274.3m ($49m) losses from Spie curbed Schneider's growth last year. The group's net profits rose from FFr275m in 1991 to FFr305m in 1992 on sales of FFr61.4bn.

Meanwhile AEG earned a pre-tax profit of DM8m ($4.8m) last year. The German group's operating losses rose to DM200m from DM100m in the previous year. Its turnover reached DM11.6bn in 1992, of which approximately half was generated in the area of potential co-operation with Schneider.

Disposals help Lonrho rise 74%

By Roland Rudd in London

LONRHO, tha international trading conglomerate, yesterday reported a 74 per cent increase in interim pre-tax profits after e series of disposals.

The profit figure rose from £50m ($75m) to £87m as sales fell from £1.96bn to £1.5bn in the six months to March. The shares gained 7½p to close at 121p.

Mr Paul Spicer, Lonrho deputy chairman, yesterday said Lonrho would be focusing on four core businesses. Mr Dieter Bock, the German financier appointed joint chief executive with Mr Tiny Rowland, believes Lonrho should concentrate on three: hotels, mining and agriculture.

However, Mr Spicer said: "There is a fourth dimension of other businesses, such as textile manufacturing, which we bave no intention of getting out of or destroying."

The group has still to appoint the non-executive directors which Mr Bock has said are essential to build bridges with institutional shareholders.

Mr Spicer said: "You cannot take non-executives off a shelf as if you were in a supermarket. We have to find people who are not too busy and who are willing to serve."

The recent sale of Gewog, a German holding company, brought net borrowings below £600m and gearing to 35 per cent. In the first half, net debt fell from £849m to £731m. Net interest paid declined from £44m to £35m.

The sale of VAG, the UK importer of Volkswagen and Audi cars, realised £124m and a rights issue brought in another £80m. Lonrho said the underlying increase in borrowings was due to the pound'e devaluation and capital spending.

Operating profit from continuing operatings increased from £35m to £43m.

In the UK, improvement et the Metropole Hotel Group, in which the Libyan government-controlled Libyan Arab Finance Company has a one third stake, helped the leisure division report pre-tax profits of £5m.

Mineral extraction and refining raised pre-tax profits to £16m; general trade doubled to £6m; agriculture and motor distribution each made £2m; manufacturing turned a loss into a £4m profit; financial services broke aven.

Earnings per share were 0.8p, against a loss of 2p. The interim dividend is maintained at 2p.

Lex, Page 14

INTERNATIONAL COMPANIES AND FINANCE

BNP warns of sharp fall in results for first half

By Alice Rawsthorn in Paris

BANQUE Nationale de Paris (BNP), one of France's largest banks and a key target for privatisation by the new French government, yesterday warned of a substantial fall in net profits for the first half of the year.

The bank, which recently reported a 26 per cent reduction in net profits, to FFr2.17bn ($380m), last year, said its commercial banking business was performing well. However, it said it would have to make hefty provisions on its exposure to small businesses in France and to sovereign loans.

As a result, BNP anticipates a sharp slide in net profits for the first half of the year, to between FFr500m and FFr650m, against FFr1.33bn in the same period of 1992. Unless the economic situation improves, it expects the same trend to continue in the second half of this year.

Despite the profits warning, BNP is still committed to privatisation. The bank, originally scheduled for sale to the private sector in the mid-1980s by the last centre-right French government, is expected to be one of the first issues in the new privatisation drive.

Mr Michel Pébereau, who chaired Crédit Commercial de France during its privatisation in 1987, last month replaced veteran Mr René Thomas as chairman of BNP with a brief to prepare the bank for sale.

BNP's problems in the first half are reflected across French banking, which has been hit by the impact of the recession on demand for credit, and on the small business sector. BNP will also suffer in 1993 because of further provisions on sovereign loans; last year it was able to claw back FFr1.7bn in surplus provisions.

Despite these pressures, BNP estimates net banking income will rise 6 per cent during the first half, mainly due to growth from foreign activities. It also expects a 10 per cent increase in gross operating profits.

BNP is continuing its cost-cutting initiatives under Mr Pébereau. It recently launched a long-term plan to improve productivity by pruning staffing levels. The move has already triggered protests from employees.

The group is also pursuing its international expansion. Until recently it was more cautious about investing outside France than other Gallic banks, notably Crédit Lyonnais, the other state-controlled commercial banking group.

However BNP has negotiated a cross-shareholding agreement with Germany's Dresdner Bank, whereby the two groups will take stakes of at least 10 per cent in each other to cement their existing partnership agreement.

● Crédit Commercial de France (CCF), the French bank that Mr Pébereau left to head BNP, yesterday disclosed plans to acquire Banque de Savoie, the regional bank, in a share deal.

CCF already owns 24.26 per cent of Banque de Savoie and is offering nine of its own shares for 10 of the remaining shares.

Smith New Court posts doubled profits

By Tracy Corrigan in London

BUOYANT volume in the UK stock market helped boost Smith New Court's pre-tax profits to a record £38.7m ($58.05m) for the year ending May 7, up 118 per cent on last year.

The enthusiasm generated by the UK securities house's profits ensured a warm welcome for its announcement of a £41.2m rights issue, its first since 1985. The rights issue of two new shares for every seven ordinary shares will be priced at 210p per share. Smith New Court's shares closed at 285p yesterday, up 35p.

Most of the company's profits were generated in the second half, after a quiet period last summer cut profits to £6.7m for the six months to October 30. A series of profitable placements (accounting for 6 per cent of gross revenues) and an upswing in UK and overseas stock market volume contributed to the strong performance.

"The markets have been kind to us," Mr Michael Marks, chief executive, said.

The capital provided by the rights issue will fund further growth in the UK and overseas in the existing businesses of marketmaking, agency broking and corporate broking.

In addition to the rights issue, both the Rothschild Group and CMCO (formerly Carl Marks & Co) are reducing their holdings through a placement of new ordinary shares and existing convertible preference shares with institutional investors. Rothschild's holding of fully diluted capital will fall from 38.7 per cent to 26.5 per cent as a result of these transactions.

The board is recommending a final dividend of 5p per ordinary share, bringing the total dividend to 6p, up 33 per cent on the previous year.

Return on equity improved from 17 per cent last year to 28 per cent. Earnings per share, fully diluted, were 36.2p, an increase of 118 per cent over the previous year.

Lex, Page 14

Weathering the storm in plastics

Statoil and Neste have created a new force, writes Karen Fossli

AN IMPORTANT step towards remedying the ills of Europe's petrochemicals industry was taken yesterday through the planned merger of plastics businesses of Statoil and Neste Corporation.

The aim of the deal and other similar moves is to create a competitive company with sufficient backbone to emerge from the industry's depression in shape to benefit from an upturn expected during the second half of the decade.

Earlier this year Shell, the world's biggest petrochemicals producer, and Himont, the big Italian producer, announced plans to merge part of their operations. EniChem and BP Chemicals are seeking to merge styrene production; at BASF and ICI it's polypropylene production.

The two Nordic groups say the aim was to build further on the best areas in the two groups to attain a stronger technological, market and organisational position.

"Specifically, marketing structures will be co-ordinated to avoid duplication of effort, operations rationalised at production plants . . . administrative costs reduced by taking advantage of economies of scale, and research development activities integrates," they added.

Demand is set to rise and annual polyethylene and polypropylene sales will grow by between 1 and 4 per cent and 5 and 7 per cent respectively, the companies forecast.

They also believe the pace of capacity expansion in Europe has slowed. "Without new capacity, polypropylene could reach market balance by 1996 and polyethylene a few years later."

According to Mr Jaakko Ihamuotila, Neste's chairman, the merger is an example of how restructuring of Europe's petrochemicals industry should be undertaken. "But other players in the market must also take action," he says.

The rationale for the merger is that it is their best chance to become more cost-effective, better-sized and stronger in terms of marketing and technology. This, they believe, is crucial to their survival.

It also removes the fierce competition which exists between them, and eliminates Statoil's upper hand over Neste as its main supplier of feedstock in Sweden.

Mr David Glass, director of London-based Chem Systems, consultants, says this is an important development as it reduces the number of players, which will benefit the industry at a time when profitability is "at an all-time low".

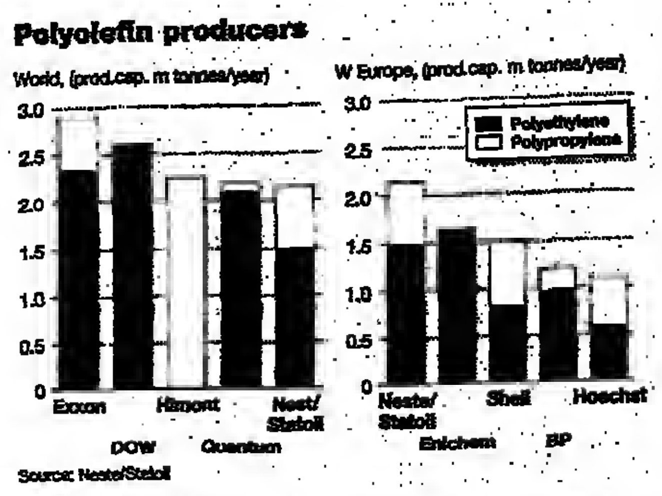
"The deal also reduces the number of low-density producers from 13 to 12; the number of high-density producers from 15 to 14; and polypropylene producers from 17 to 16," Mr Glass said. A recent report by Chem Systems claims that cash costs for a competitive European ethylene producer are roughly 38 per cent above the US level, and even higher than in the Middle East.

Statoil's ethane feedstock supplies will give the new company a competitive edge over its European rivals, which mostly use naphtha.

"Statoil, as an international oil company, has made a clear decision that petrochemicals and plastics will remain an important part of its business in the future," said Mr Harald Norvik, chief executive of Statoil. "In a very competitive business environment we need a solid strategic platform to meet our objectives. The new company creates this base."

Statoil's petrochemicals and plastics business account for 7 per cent of the group's annual turnover. In 1992, the division's sales fell to NKr5.51bn ($778m) from NKr6bn in 1991 as operating losses widened to NKr498m from NKr30m. Neste's net chemicals sales in 1993 rose 13 per cent to FM10.1bn ($1.78bn).

The merged group will be Europe's largest producer of polyolefins, and is among the 10 biggest worldwide. Its annual production capacity of 1.5m tonnes is equal to 10 per cent of western European capacity.



Source: Neste/Statoil

Loss expected at Philips arm

By Christopher Parkes in Frankfurt

PHILIPS Kommunikations Industrie, a German subsidiary of the diversified Dutch electrical group, expects a loss of DM100m ($60.20m) in the first six months of this year following a 20 per cent drop in sales.

The Nuremberg-based company, which last week announced plans to cut 1,500 jobs this year, had earlier reported a 23 per cent fall in turnover during the first quarter, and a 36 per cent slump in incoming orders.

PKI said yesterday it planned a quick change of course to concentrate its efforts on four core sectors: public and private communications systems, and radio and mobile radio businesses.

The company, which incorporates the Grundig home entertainment and electronics business, is negotiating to sell its cable activities to NKF Holding of Delft.

The job cuts and sales of activities will leave PKI with a total workforce of 3,400, compared with 6,300 at the end of April.

The company last year made a net DM82m on sales of DM2.3bn.

TSB announces modest interim rise

By John Gapper
Banking Correspondent

TSB GROUP, the UK bank, yesterday announced a modest rise in pre-tax profits in the first half of its financial year, as recovery in the economy helped to halve its provisions for bad and doubtful debts from the second half of 1992.

The bank's pre-tax profits rose to £80m in the six months to April 30, against £77m in the first half of 1992.

The figure included a £44m restructuring charge.

The interim dividend was maintained at 3.15p in spite of a rise in earnings per share to 3.1p, against 2.8p in the first half.

The sharp fall in bad debt provisions to £205m, compared with the £432m charged for the second half of 1992 indicates that UK banks are likely to start displaying a recovery from the burden of bad debts in the interim results declared over the next five weeks.

TSB cut its ratio of costs to income to 65.3 per cent against 71 per cent, as operating costs fell 3 per cent to £635m (from £654m).

TSB shares closed 3.5p down at 194p.

Lex, Page 14; Details, Page 21

BfG sees break-even despite debt provisions

By David Waller in Frankfurt

BfG BANK, the German bank which is majority-owned by Crédit Lyonnais of France, predicted yesterday that it would break even for the year after making provisions for bad and doubtful corporate and sovereign lending.

This would be the first time in years that the bank would be able to achieve such a result, having been burdened since the late 1980s by high provisions against eastern bloc loans, by exposure to problem company loans and more recently by the costs of rationalisation, according to Mr Paul Wieandt, chief executive.

As previously reported, total losses last year amounted to a net DM1.15bn ($679m), while operating profits were DM187m after DM144m in the previous year.

Mr Wieandt said that total profits for the first half of the current year had risen by 11 per cent against the comparable period last year.

He said he hoped the positive trend would continue in the rest of the year and was confident of controlling bad debts despite the deterioration in the economic climate.

COMPANY NEWS IN BRIEF

CORPORACION Banesto, Banesto's industrial holding company, should show a 1993 net profit in line with last year's consolidated result, Mr Mario Conde, chairman, yesterday told the annual shareholders' meeting, Reuter reports from Madrid.

Last year, Corp Banesto made a consolidated net profit after minorities of Pta1.85bn ($14m).

■ ALCATEL-ALSTHOM, the Paris-based telecommunications and transport group, confirmed its estimate of flat profits in 1993. The group posted net attributable profit of FFr7.05bn ($1.26bn) in 1992, Reuter reports from Paris.

"Despite the economic context, and with the necessary reserve given the early period of the year, we anticipate that the performance for 1993 should be maintained at the same level as that of 1992 due to our ongoing search for productivity," Mr Pierre Suard, chairman, said in the group's annual report.

■ BAER HOLDING, the Swiss banking group, forecast a positive second half following strongly higher profit in the first half of 1993, Reuter reports from Zurich.

Earlier, Baer Holding said it expected its first-half results to show a consolidated profit of SFr70m ($46.9m) equalling the profit for the whole of 1992.

INTERNATIONAL COMPANIES AND FINANCE

Goodyear sees second-quarter earnings rise

By Damian Fraser in New York

GOODYEAR Tire & Rubber, the only surviving large US-owned tyre group, yesterday forecast an increase in second-quarter earnings to between $130m and $140m on sales of around $3bn.

Second-quarter profits last year came to $106.9m and in 1991 were $22.5m.

The forecast would signify further improvement in the once-troubled company.

Mr Stanley Gault, chairman, told analysts that the operating margin was expected to approach the company's long-term objective of 10 per cent, with plants operating near capacity worldwide.

Interest expense had been reduced, he said, as a result of a debt reduction programme.

The strong second-quarter figures in a weak market suggest that the company has continued to gain market share against its main European and Japanese rivals, Michelin, Continental and Bridgestone/Firestone.

Goodyear increased its share of the US passenger vehicle tyre market last year to 31.5 per cent, 1.5 percentage points more than 1991.

Ms Sue Zajac, a Goodyear spokeswoman, said growth was spread across all segments of the tyre market, although the success of its Aquatred tyre in the car market contributed most to revenues.

Goodyear's car tyre sales have been boosted by expanded distribution in retail stores, such as Sears Roebuck.

The company has also benefited from aggressive brand advertising, up about 30 per cent on previous years, and demand from car companies for tyres on new cars.

Ms Zajac said this was due both to increased market share and a rise in second-quarter car production.

However, Mr Gault suggested that there was some concern with weak demand in the sector, saying there was no strong recovery and that the economy was "hesitant".

The US passenger vehicle tyre market is expected to grow by just 1 or 2 per cent this year, compared with 5 per cent last year.

Canada clears airline alliance

By Bernard Simon in Toronto

CANADIAN Airlines International has cleared the last political hurdle to its proposed alliance with American Airlines of Dallas, but still faces at least three court challenges which could derail the deal.

The federal cabinet has dismissed an appeal by Air Canada, Canada's main rival, against a National Transportation Agency decision to approve the deal. Mr Jean Corbeil, transport minister, said the government favours a "strong, viable and competitive airline industry."

Canadian has warned it will collapse if it cannot finalise the alliance with American, which includes an equity injection of C$246m (US$192m) in return for a 25 per cent voting interest.

The deal remains clouded, however, by the condition that Canadian must join American's Sabre computerised reservation system. Canadian has so far been unable to extricate itself from the rival Gemini system, which it jointly owns with Air Canada and Covia, a subsidiary of United Airlines.

Canadian yesterday called on the other Gemini partners to "put their differences aside and negotiate a commercial solution to Canadian's early release" from the Gemini contract.

Air Canada, however, favours a merger of the two airlines and has strenuously opposed Canadian's efforts to terminate the Gemini partnership. Mr Robert Fay, analyst at Deacon BZW in Toronto, said yesterday that "the two sides are about as far apart as Toronto and Tokyo".

He noted that, even if the Gemini-related lawsuits go in Canadian's favour, the level of compensation might be unacceptably high for American.

Mr Fay said the chances of the alliance going ahead remain about "50-50". Shares of both Air Canada and PWA, Canadian's parent, rose slightly on the Toronto stock exchange yesterday morning.

Argentina pins hopes on YPF offer

John Barham and Damian Fraser analyse the crucial privatisation of a state oil producer

THE hopes and fears of Argentina's government are hanging on the outcome of its biggest and most controversial privatisation yet. It hopes to raise $3.54bn to $4.17bn from the YPF offer, making it one of the world's largest privatisations this year.

If the sale of YPF, the national oil producer which is also Argentina's biggest company, is judged a failure, it would be a humiliating reverse for the government only four months before important mid-term legislative Congressional elections.

But if a success, YPF will help to further the government's aim of spreading Thatcherite popular capitalism in Argentina.

It would revitalise Argentina's sickly capital markets and bind them closer to the international financial system. The government would also clear political debts with pensioners, who will be one of the main beneficiaries of the sale.

On June 28, the government will announce the price for the 59 per cent of YPF on offer. The flotation will go ahead on July 8.

Some 31 to 35 per cent of YPF is to be earmarked for private investors. International investors will make most of the running, since only 7 per cent of the shares will be available on the local market. The remainderis being offered to politically influential pensioners to make good billions of dollars in unpaid benefits.

The government is pricing the offer very competitively. It has set a minimum price of $17 per share and a maximum of $20, which is about 10 times net earnings, forecast to be $600m this year.

At a 20 per cent discount to the grey market price in Argentina, YPF is attractive relative both to the Argentine stock market and other international energy companies.

A Buenos Aires business consultant said YPF's attractions went beyond just a low price: "YPF is the biggest oil company in Argentina and it will be the only integrated company on the stock market. It has an excellent market position, with over half of every market segment. It has great profit potential and it is well-managed."

He reckons YPF could earn a net $700m this year, against $259m in 1992. For 1993, he is forecasting profits of $1bn.

Many investors see YPF more as a cheaply-priced international energy company than as a play on Argentina. "A lot of international investors will buy it as an oil and gas company and put it in an oil portfolio," says Mr Terry Mahony, of Baring America Asset Management. This has opened up the offering to investors not normally interested in Argentina.

The privatisation is also benefiting from bullish sentiment about Latin America. In recent months, several Latin companies have made large international equity and debt offerings.

However, there seems to be less enthusiasm for YPF among individual Argentine investors. The problem is that excessive speculation and a heavily over-priced telephone company privatisation last year led to a market crash that brought prices down by 48 per cent.

Mainly small, highly levered investors bought shares in Telecom Argentina at $4.20, only to see its price sink by one-third and not yet recover.

Banks and brokerages – which were also involved in the Telecom flotation – are facing an uphill struggle in their battle to sell YPF shares to individuals.

However, Mr Pablo Estrada, capital markets director at Buenos Aires' Banco Roberts, said: "Professional investors make rapid decisions. But it is in the final days that you sell [to individuals]. In fact, we are getting a very large number of individuals' orders coming in and the same thing is happening at other banks."

Domingo Cavallo, Argentina's economy minister: hopes the YPF sale will transform the Buenos Aires stock exchange

Made wary by its experience with Telecom, the government, together with CS First Boston and Merrill Lynch, YPF's global co-ordinators, has turned to the book-building method to price its shares.

If the issue is oversubscribed, which increasingly seems to be likely, then the government may not get the maximum possible price; but it will be guaranteed a strong after-market.

The economy minister, Mr Domingo Cavallo, clearly hopes YPF will transform the narrow and speculative Buenos Aires stock exchange into a broader and more stable market, which would encourage companies to boost investment and sustain economic growth.

However, not everyone is optimistic. Buenos Aires-based equities analyst Mr Christopher Ecclestone says YPF is overpriced because government earning forecasts are too optimistic.

He says first-quarter 1993 earnings of $78m were inflated by $38m in extraordinary earnings. Were it not for this, he says, profit would have fallen by 37 per cent to $40m.

But if the deal succeeds, Wall Street expects many more Argentine companies to follow YPF and offer equity in the US, just as Mexican companies followed the landmark Telmex telecoms flotation in 1991.

Reebok to sell Boston Whaler boat offshoot

By Damian Fraser

REEBOK International, the US footwear maker, is to sell its Boston Whaler unit to McAndrews & Forbes, a boatbuilder and fishing sports company.

McAndrews & Forbes, the second-largest independent boatbuilder in the US, said Boston Whaler would become part of a newly-formed sports division, focusing on fishing, scuba diving and water-skiing.

Reebok put Boston Whaler, which makes motor boats, up for sale last December. The unit earned revenues of around $45m last year, less than 2 per cent of Reebok's total of $3.02bn, but was not profitable.

Mr Paul Fireman, Reebok's chairman and chief executive, said the sale was part of a strategy to concentrate on the lucrative but fiercely competitive sports shoe market. "It's the right time for Reebok to focus our energies on our core brands: Reebok, Rockport and Avia," he said.

Reebok has about 24 per cent of the US sport shoe market. Like Nike, the market leader, it has recently suffered from sluggish growth in the US retail sector.

It also put its Ellesse USA footwear unit up for sale last December but has not found a buyer. The Boston Whaler sale will be complete by the end of July and will not affect second-quarter earnings.

Goldman calls lawsuit frivolous

By Martin Dickson in New York

GOLDMAN, Sachs, the New York investment bank, yesterday accused a US subsidiary of Prudential, the UK insurance group, of an attempted "hold-up" in filing a lawsuit this week against Goldman.

The suit, filed on behalf of Prudential-owned Jackson National Life, accused Goldman of "fraudulent conveyance" in the 1988 leveraged buy-out of Bucyrus-Erie, a manufacturer of mining equipment, which was organised by Goldman. It seeks unspecified damages.

Jackson brought $60m of bonds in Bucyrus, which recently failed to meet bond interest payments, through a private placement in 1990.

Its suit is the latest of several seeking to portray 1980s buy-outs which have gone sour as fraudulent deceptions of investors. Such suits have not had great success in court.

Goldman yesterday dismissed the lawsuit as a "frivolous complaint without any merit".

It said Jackson National was a $16bn, sophisticated insurer which, following its own due diligence review, had made a private placement investment in Bucyrus "more than two years after the original leveraged buy-out was completed".

It added that Bucyrus had been operating in a depressed industry in a difficult economy.

"Jackson National and their investment advisor, PPM America, are apparently upset and are trying to hold someone up because their investment in Bucyrus-Erie hasn't fared well," said Goldman.

PPM also claims the terms of the LBO "placed the Goldman group in control of [the company] so that they could realise all the benefits of operating BE while BE's unsecured creditors assumed all of the financial risks associated with such operations."

IBM 'insider' promoted to senior vice-president

By Louise Kehoe in San Francisco

INTERNATIONAL Business Machines named Mr Bernard Puckett to the new post of senior vice-president in charge of corporate strategy and development. He will report directly to Mr Lou Gerstner, IBM's new chairman and chief executive.

Mr Puckett's promotion represents the first appointment of an IBM "insider" to a senior management position since the arrival of Mr Gerstner, formerly chief executive of RJR Nabisco, on April 1.

Before Mr Gerstner's appointment, Mr Puckett had been regarded as a potential candidate for chairman of IBM.

Mr Gerstner said: "One of my initial priorities for IBM has been to identify our strategic issues and opportunities and then drive aggressive action programmes to move the company forward." He said Mr Puckett would work directly with him on this.

Mr Puckett, 48, previously headed IBM's Application Solutions business, one of the key product groups in the company which focuses on developing integrated systems for specific industry sectors and customers.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for trading on 26.06.93: Pool purchase price £/MWh	Final Prices for trading on 20.06.93: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.07	19.00	19.00
0100	18.04	18.54	18.54
0130	19.50	18.81	18.01
0200	19.50	18.54	18.54
0230	18.05	18.61	18.61
0300	18.05	18.81	10.81
0330	18.05	18.49	18.49
0400	18.05	18.46	18.46
0430	19.50	19.48	18.48
0500	19.50	18.11	18.11
0530	18.04	18.66	18.66
0600	32.00	18.54	18.54
0630	32.00	18.81	18.81
0700	20.50	24.05	27.39
0730	28.66	24.63	27.88
0800	25.88	26.19	28.46
0830	29.52	29.65	33.00
0900	29.53	34.02	37.89
0930	29.53	34.02	37.47
1000	28.53	29.66	32.98
1030	28.53	29.65	32.98
1100	26.81	26.83	30.05
1130	26.81	28.83	30.04
1200	27.77	29.65	32.97
1230	29.53	29.05	32.96
1300	29.53	27.86	31.12
1330	26.66	26.22	29.39
1400	26.66	25.77	28.94
1430	25.13	25.53	28.70
1500	25.13	25.53	28.70
1530	24.89	24.89	27.97
1600	25.13	24.82	27.97
1630	24.10	31.50	34.84
1700	33.00	34.00	37.38
1730	33.00	34.00	37.38
1800	33.00	34.00	37.44
1830	24.09	24.69	27.88
1900	24.09	24.69	27.87
1930	23.41	24.89	27.89
2000	23.41	24.69	27.90
2030	22.33	19.07	19.07
2100	20.90	19.07	19.07
2130	22.33	24.89	27.91
2200	27.90	34.00	37.52
2230	31.89	34.00	37.54
2300	31.50	24.51	27.74
2330	22.33	24.29	27.54
2400	20.90	23.92	27.19

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.

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Bosch to shed more jobs as earnings tumble

By Christopher Parkes in Frankfurt

BOSCH, the privately-owned motor components, electronics and appliances group, is to press ahead with further rigorous cost-cutting measures following a 29 per cent drop in pre-tax earnings last year.

The workforce will once again bear the brunt of the group's attempts to combat recession and vehicle makers' demands for cheaper components.

Bosch, which shed almost 11,000 employees last year, has already cut a further 4,400 workers since January, and a further 6,000 will go by the year end, Mr Marcus Bierich, retiring chairman, said yesterday.

In addition, cuts in employee fringe benefits – which cost more than DM1bn ($600m) a year in the German parent alone – reduced capital spending and lower material costs will save at least DM500m this year, he said.

Reviewing prospects for 1993, Mr Bierich said group turnover would fall for the first time since the 1960s' recession. Bosch would remain profitable at the pre-tax and net levels, but he was "not sure" about operating earnings.

First-half sales were down 9.3 per cent at DM13bn, with domestic turnover 12 per cent lower and overseas business down only 3.4 per cent.

Turnover in vehicle components, 50 per cent of Bosch's business, was 14 per cent lower for the six months after a 3.7 per cent gain to DM17bn for last year as a whole.

A 10 per cent improvement in public telecommunications in the period to the end of June, due to continuing installation work in eastern Germany, helped this sector to restrict the sales fall to 4.4 per cent. Communications technology divisions increased sales 3.2 per cent in 1992 to DM8bn.

Talks with Northern Telecom, of Canada, over collaboration in this sector were continuing, and were "not urgent," Mr Bierich said.

Referring to efforts to build up a Bosch service network in China, he said the first authorisation had required around 200 signatures.

Reporting on the group's 1992 performance, he said sales rose 2.5 per cent to DM34.43bn, "the smallest increase in percentage terms since 1971". Turnover in Europe, accounting for 85 per cent of the group total, was restrained by the second-half downturn in the German market and a decline in non-EC countries.

Pre-tax earnings fell to DM1.36bn from DM1.91bn in 1991 with net profits down to DM512m from DM540m.

BioChem halves losses in first quarter to C$2.5m

By Robert Gibbens in Montreal

BIOCHEM Pharma, an associate in anti-Aids drugs development of Glaxo of the UK, reports a first-quarter loss of C$2.5m (US$1.95m) after special items, against a loss of C$5m a year earlier. Revenues fell to C$8.6m from C$9.7m.

BioChem, which was set up six years ago, is a research company primarily and does not expect revenues from its diagnostics and vaccine businesses to outweigh heavy research spending for another year or two.

Glaxo holds an 18 per cent interest in BioChem and is contributing around C$200m for the development of BioChem's 3TC anti-Aids drug now in final clinical tests.

● MDS Health, a supplier of medical testing services and distributor of medical supplies and equipment, reports net profit of C$7.8m for the second quarter ended April, up from C$6.49m a year earlier. Sales were C$166m against C$110m.

Genentech files new suit against Eli Lilly

By Louise Kehoe in San Francisco

GENENTECH, the US biotechnology company, said it had filed a suit against Eli Lilly, the pharmaceuticals company, charging that Lilly's manufacture of a human growth hormone, used to treat dwarfism, infringes a new Genentech patent.

The move came after Genentech had been granted a patent covering basic processes used in recombinant DNA technology or "cloning".

Genentech, a pioneer in the use of recombinant DNA technology to produce pharmaceuticals, launched its first product, a human growth hormone, in 1985. Lilly entered the market two years later with its own version of human growth hormone.

Since then, the two companies have been waging legal battles over patent rights.

Eli Lilly said: "This is yet another suit in the ongoing litigation."

Genentech said its new patent resulted from early biotechnology research conducted by Dr Keiichi Itakura and Dr Arthur Riggs at the City of Hope National Medical Centre.

"Their research led to the production of the first useful protein by recombinant DNA technology, which is widely acknowledged as one of the most significant scientific achievements of this century," said Mr Stephen Rains, Genentech vice-president of intellectual property.

Genantech has already licensed its recombinant DNA technology, including that covered by the new patent, to 28 other companies in the biotechnology field.

In 1990, Roche Holdings acquired a 60 per cent stake in Genentech for $2.1bn.

Separately, the Food and Drug Administration is set to review Genentech's application for approval of Pulmozyme, a treatment for cystic fibrosis.

Analysts predicted that the drug may be approved before the end of the year.

Nomura takes a long-term view of chaos

The head of Japan's leading broker puts things into perspective, writes Robert Thomson

JAPAN'S political turmoil may be sending shivers through the financial markets, but Mr Hideo Sakamaki, president of Nomura Securities, prefers to view events as a historian rather than as a leading, world-scale stockbroker.

He puts the chaos into a longer-term perspective, making it appear less threatening and more logical. According to Mr Sakamaki, political upheaval is a natural result of changes in the country's character, and a part of the necessary demolition of reassuring myths that had seemed to be permanent pillars of Japanese society.

"We have the high-growth myth, tha myth of endless trust between the US and Japan, full employment, and the myth that land and stock prices will always rise. Tha other myth is that the Liberal Democratic Party will always remain in power," he says. "It will be better for the country to go through this change."

The corporate rush to China also prompts a few steps backward by Mr Sakamaki, who was appointed president of Nomura two years ago after a spate of securities industry scandals. In describing business opportunities in Asia, he wants to make clear that Nomura has not suddenly discovered Chinese economic reform and does not presume that the profits will come thick and fast.

"We opened a representative office in Beijing 11 years ago. We have heen involved in underwriting samurai bond issues for institutions like the Bank of China," he said. "You need a long-term perspective. Over a decade or two decades you can build a buman network – that is how you do business in that country."

In May, Nomura transferred the control of Asian regional business from Tokyo to Hong Kong, and while trimming staff in other areas, the broker increased Asia department employees from 580 to 616 over the past year. The company is also involved in an "intelligent" office building in Beijing and a hotel in Shanghai, which Mr Sakamaki benevolently described as returning a favour to China.

But the long-term vision has limits, and Nomura cannot obviously afford the investment indulgences of the late 1980s. Its net profit tumbled by almost 90 per cent last year. The other three big brokers, Daiwa Securities, Nikko Securities, and Yamaichi Securities, reported net losses while results were worse still among

Hideo Sakamaki: 'correction phase' for securities industry

small brokerages, which suffered a serious hruising from the fall in stock prices and turnover.

Nomura cut its graduate intake from 1,002 to 606 recruits this year, while computer-related spending has fallen from Y44.8bn in the year ended March 1991 to Y18bn ($165m) in the year ended last March. Another sign of trimming is the closure of 12 of 18 securities boutiques opened in department stores and railway stations.

"It is easier to grow than to curtail something which has grown. Restructuring is a very difficult issue. For Japanese, since we do not have such experience, this will be a very painful thing indeed," Mr Sakamaki said.

He can take some credit for overcoming another phenomenon of the boom times, scandal, which undermined investor confidence in the brokers and propelled him to tha top at Nomura. There were links between brokers and gangsters, alleged stock price manipulation, and the compensation of favoured corporate clients for investment losses.

Mr Sakamaki had been executive vice-president, and was close to Mr Yoshihisa Tabuchi, "Little Tabuchi," the president, who was forced to resign in mid-1991, while "Big Tabuchi," Mr Setsuya Tabuchi, resigned as chairman. The departure of the two Tabuchis, who are not related, created a vacuum which Mr Sakamaki has gradually filled.

The difficulties confronting the securities industry have prompted the finance ministry to slow deregulation, a decision applauded by Nomura. Mr Sakamaki argues that the industry is going through a "correction phase" because of over-capacity, and banks should not rush into the already overcrowded securities business.

Since April, Japanese brokers have been allowed to establish trust banking subsidiaries, while some banks can open securities subsidiaries able to issue convertible and warrant bonds, and to deal in straight bonds. Commissions on stock transactions of over Y1bn, accounting for just over 3 per cent of stock commissions, will be negotiable from next April, although the industry wants to keep fixed commissions for other transactions.

In explaining the vulnerability of brokers, Mr Sakamaki emphasised that their problems were very different from those of banks, which are burdened by an accumulating pile of non-performing property loans made during the easy money era of the late 1980s.

"For the banking system, the problems have only been deferred, they have not been fundamentally resolved. But, for securities companies, the situation is different. We are in a market-orientated system, and if there are any large losses, they will be revealed – that's not something one can hide in one's books."

NEWS DIGEST

Hercules to sell Australian unit

HERCULES, the US chemicals group, is to sell its 63.4 per cent shareholding in Australian Chemical Holdings for A$90.2m (US$61.3), AP-DJ reports from Sydney.

Australian Chemicals is a manufacturer and reseller of synthetic resins and related materials to the coatings, inks, adhesives, reinforced plastics, paper and food industries. It has an annual turnover of about A$150m.

Mr Douglas Tomlinson, chairman of Australian Chemicals, said the company had been advised by Hercules that "as part of their policy of divesting non-core businesses they will sell their shareholding in Australian Chemical".

McIntosh Corporate, an Australian stockbroker, has agreed with Hercules to sell the 21m shares at A$4.30 to parties determined by McIntosh.

Sapporo sees rise

SAPPORO Breweries of Japan expects parent sales in the six months ending June to rise by 5 per cent from the Y256.8bn ($2.35bn) in the same period last year, Reuter reports from Tokyo.

Parent current profit is likely to be flat because of increased malt costs and large investment spending, the brewer said. Earlier this year, Sapporo forecast first-half sales at Y260bn and parent current profit at Y4.7bn.

MCB in Sri Lanka

MUSLIM Commercial Bank, Pakistan's first public sector bank, is opening its first foreign branch next month with a view to expanding internationally, writes Farhan Bokhari from Karachi.

The MCB branch will begin operations in Colombo, Sri Lanka, next month as a first step to expanding operations in parts of southern and eastern Asia. Other branches are planned for the Maldives and Hong Kong.

Paktel investment

PAKTEL, Pakistan's largest mobile telephone company, plans to invest up to $20m in improving quality of transmission, subject to availability of more frequencies and wave bands, writes Farhan Bokhari.

Paktel was set up at a cost of $62m more than two years ago. It is a joint project between Cable and Wireless, which has an 80 per cent stake, and Karachi-based Hasan group, which has the remainder.

The company is one of two which have set up mobile telephone businesses in Pakistan. Although market size remains limited, mobile telephones have provided a new opportunity for many businesses and industries to consider plans for setting up facilities in suburban and rural areas, where poor telecommunications previously deterred investors.

The Pakistani government says that there are 2,500 mobile telephone subscribers in Pakistan. Paktel says that it holds 65 per cent share of the market.

ANZ wins approval

ANZ, the Australian banking group, has won formal approval from the Peoples' Bank of China and local government authorities to open a branch banking office in Shanghai and a representative office in Guangzhou, writes Bruce Jacques from Sydney.

ANZ's chief executive officer, Mr Don Mercer, said yesterday the Shanghai branch was due to open later this year and would make the ANZ the first Australian group with a branch banking operation in mainland China.

ANZ already has a representative office in Beijing and branch offices in Hong Kong and Taipei.

CK Tang falls 61%

CK TANG, the Singapore retailer, blamed higher operating expenses, losses in an operating subsidiary, and increased competition for a 61 per cent fall in pre-tax profit for the year to March 1993.

Turnover for the period was S$165.1m (US$101.16m), up from S$161.1m, but pre-tax profits fell to S$3.1m from S$7.8m a year ago. The company is holding its dividend at 3 cents a share.

INTERNATIONAL CAPITAL MARKETS

Spread on French 10-year paper narrows to three basis points

By Peter John in London and Patrick Harverson in New York

THE yield spread between French and German 10-year government bonds crumbled yesterday as investora piled into long-term French government paper and German bonds were held back by the impact of a strong dollar.

GOVERNMENT BONDS

The spread for 10-year benchmark bonds dated April 2003 narrowed to three basis points by the close of trading from 10 basis points on Wednesday. French long-dated bond futures for September jumped sharply on the Matif in heavy turnover.

Dealers said the near-parity of the yield spread was prompting program-trade selling, but that was countered by domestic buying as investors switched out of the short end and extended along the yield curve.

The interest in French paper was sparked by news that Mr Edmond Alphandéry, the French economy minister, had invited representatives from the Bundesbank and the German ministry of finance to visit Paris to discuss co-ordinated interest cuts. Many economists saw the invitation – and Germany's subsequent refusal – as part of the perceived power-play for the role of holder of the anchor currency within the European exchange rate mechanism.

In the futures market, 10-year French bond contracts for September delivery opened at 119.36 and were bought up to 119.80 before drifting in the afternoon and closing 38 basis points higher at 119.74. Turnover was high, with more than 165,000 contracts traded within the official dealing period.

■ GERMAN government bonds also benefited from rate cut hopes, but their performance was hampered by the continuing strength of the US dollar against the D-Mark. Bund futures for September rose from 95.12 to 95.33 although the dollar broke through 1.71 against the D-Mark.

The Bundesbank said yesterday that although next week's repo funds would be allocated on Thursday rather than Wednesday, in order to avoid end-of-the-month pressures, the rate would be announced on Wednesday as usual.

■ ITALIAN government bonds picked up after a repo rate cut raised hope of an imminent easing in official interest rates.

US investment house Citibank is a strong buyer of Italian bonds. It argues that the fundamentals are positive, the lira is firm and inflation is at the same level as in Germany.

■ RUMOURS that the Spanish prime minister, Mr Felipe González, had failed to reach a coalition agreement with the minority Catalan party came too late to affect the performance of the Spanish government bond market.

The September futures contract traded in Barcelona rose a further 10 basis points to 93.85, although Mr Steve Major, economist with Crédit Lyonnais and a leading bull of the Spanish bond market, said he was preparing to turn seller. "Ten-year bonds have performed very well but I think they have run too far now and there is scope for a correction."

■ UK GILTS shrugged off the impending supply pressure of tap issues totalling £850m and avoided profit-taking to continue their strong performance, particularly at the long end.

The Bank of England announced a tap of £300m of 7¼ per cent stock dated 1998, £400m of 8 per cent stock maturing in 2013 and £150m of 2½ per cent index linked stock dated 2013.

Dealers said that the combination of low inflation and slow growth made the UK gilt market particularly attractive, and many expected long gilts to hit new price highs and consequent yield lows.

Mr Ian Shepherdson of Midland Global Markets predicted that long gilt yields would reach their lowest level for a quarter of a century.

He forecast a yield of 7¾ per cent by the end of the year for the 8¾ per cent stock maturing in 2017.

■ A FAVOURABLE jobless claims report lifted US Treasury prices across the board yesterday morning.

By midday, the benchmark 30-year government bond was up $\frac{9}{32}$ at 105, yielding 6.730 per cent. At the short end of the market, the two-year note was up $\frac{3}{32}$ at $99\frac{15}{32}$, to yield 4.141 per cent.

The announcement that the number of people claiming state unemployment insurance rose by 8,000 in the third week of this month surprised the market, which had been expecting a decline in jobless claims. Consequently, investors started buying Treasuries at both ends of the maturity range on the latest piece of gloomy economic news.

Prices were also helped by some switching out of mortgage-backed securities into government securities. Investors were selling mortgage-backed securities because recent declines in interest rates have raised concerns that mortgage prepayment levels could increase.

FT FIXED INTEREST INDICES

	June 24	June 23	June 22	June 21	June 18	Year ago	High *	Low *
Govt Secs (UK)	96.97	96.63	96.50	96.41	96.03	88.53	98.04	93.28
Fixed Interest	114.57	113.99	113.78	113.40	113.03	104.34	114.57	108.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 114.57 (24/6/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	June 23	June 22	June 21	June 18	June 17
Gilt Edged Bargains	106.1	105.1	105.6	105.3	102.1
5-Day average	104.9	103.6	105.6	101.4	96.3

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	113.3791	-0.002	7.58	7.63	7.57
BELGIUM		9.000	03/03	112.6800	+0.430	7.12	7.23	7.40
CANADA *		7.250	06/03	99.1000	+0.050	7.38	7.42	7.62
DENMARK		8.000	05/03	107.7000	+0.725	6.90	7.10	7.48
FRANCE	BTAN	8.000	05/98	107.5405	+0.340	6.15	6.38	6.65
	OAT	8.500	04/03	112.5100	+0.620	6.71	6.92	7.16
GERMANY		6.75	04/03	100.4850	+0.320	6.68	6.77	6.83
ITALY		11.500	03/03	102.0100	+0.125	11.46†	11.81	12.27
JAPAN	No 118	4.800	06/99	102.5287	+0.292	4.27	4.24	4.60
	No 145	5.500	03/02	106.7751	+0.133	4.43	4.34	4.61
NETHERLANDS		7.000	02/03	103.7700	+0.320	6.45	6.58	6.69
SPAIN		10.300	06/02	101.5670	+0.692	10.02	10.58	11.02
UK GILTS		7.250	03/98	101-12	+6/32	6.90	7.00	7.10
		8.000	06/03	102-01	+9/32	7.70	7.86	8.05
		9.000	10/08	108-01	+10/32	8.07	8.23	8.46
US TREASURY *		6.250	02/03	102-26	+14/32	5.86	5.92	6.37
		7.125	02/23	104-30	+10/32	6.74	6.80	6.99
ECU (French Govt)		8.000	04/03	106.1000	+0.330	7.11	7.26	7.48

London closing. *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

I£70m issue provides first test for Dublin

By Tim Coone in Dublin

THE Irish Permanent Building Society is providing Dublin's new corporate bond market with its first test, issuing I£70m of an 8.5 per cent Irish Permanent Bond 2004.

The bond was placed with domestic and foreign institutions by Davy Stockbrokers in Dublin at a price of 99.35, giving a yield of 8.59 per cent.

A spokesman for Davy said that the issue was placed "about 50:50 between domestic and foreign institutions. There was a healthy appetite out there for them."

A corporate bond market has not existed in Dublin until now, because of a 1 per cent stamp duty payable on the issue and transfer of corporate bonds.

This duty was abolished last week with the publication of the 1993 Finance Act.

The Irish Permanent bond is the first to take advantage of the new fund-raising environment.

Mr Peter Fitzpatrick, finance director of Irish Permanent, said: "The success of our placing signals the importance this emerging market will have for the funding activities of Irish companies."

Mr Fitzpatrick pointed out that for lending institutions such as the Irish Permanent, the corporate bond market gave greater flexibility for the future in providing long-term funding for mortgage borrowers.

"Irish Permanent looks forward to a continuing role in developing the market for Irish corporate bonds," Mr Fitzpatrick said.

The bond will have coupon payments of 4.25 per cent made on January 15 and July 15 each year, with final maturity on July 15 1994.

The bond will be listed and traded on the Irish Stock Exchange.

● Irish Life, the insurance group, has placed 4m shares in the Dublin market at 215p each, Davy Stockbrokers said.

Irish Life confirmed that the shares were placed by the insurance group's own pension funds.

Korean broker gains licence for Tokyo branch

JAPAN'S ministry of finance has granted South Korea's Koryo Securities a licence to open a branch in Tokyo, making it the first Korean brokerage to start a business in Japan, Reuter reports from Tokyo.

Koryo will be allowed to deal, broker, underwrite and sell stocks. It has had a representative office in Tokyo since 1986.

● Banque Indosuez is launching a fund to invest in Latin American sovereign bond issues and US high-yield corporate bonds, Stephen Fidler adds. The fund – a Luxembourg investment company aimed at private investors – is to be managed by Scudder, Stevens & Clark.

● Banco Bilbao Vizcaya, the Spanish bank, said its international arm had increased its issue of 8 per cent preference shares in New York to $248m from the original $200m. Some $70m of the new shares were sold to Spanish investors.

EIB surprises with further tranche of Eurosterling offer

By Sara Webb

THE European Investment Bank raised a few eyebrows yesterday when it launched a further tranche of its existing Eurosterling bond issue at the same yield as the 8 per cent gilt due 2003.

INTERNATIONAL BONDS

The latest £400m tranche of the EIB's 8 per cent 10-year bonds brings the total size of the issue up to £1bn, making it the largest Eurosterling issue in the market.

The initial £400m tranche, launched in January, was priced to yield 13 basis points over the gilt, while the second tranche of £200m, launched in March, was priced to yield 5 basis points over the gilt.

Since then, the yield spread in the secondary market has narrowed, with the result that the EIB issue was trading at between two and three basis points below the comparable gilt yield shortly before the latest tranche.

Salomon Brothers, the lead manager for yesterday's tranche, said that the bond was trading in line with the gilt yesterday afternoon.

"It is extraordinary that the EIB can trade through gilts in this way," commented one analyst yesterday, referring to the fact that gilts are more liquid and regarded as the top-quality sterling assets.

The proceeds were kept in fixed-rate sterling.

Dealers reported continued strong demand for Eurosterling paper, both from domestic and overseas investors.

The latter are keen on sterling assets because they see scope for the pound to appreciate against other European currencies.

In addition, Eurosterling yields are relatively high compared with those available in other European currencies.

The EIB deal attracted considerable interest – partly because dealers were glad to see the creation of a large liquid Eurosterling issue, and partly because the maturity is the same as for the Bank of England's forthcoming £3.25bn gilt auction.

However, dealers did not expect the EIB deal to detract from the auction, given that there is plenty of demand for 10-year paper.

French borrowers tapped the international bond market for a total of FFr6bn in longer-dated issues yesterday, attracted by the prospect of a further rally in the French franc sector.

Eurobond dealers in France said that investors regard the eight to 12 year maturity area as particularly attractive, given some forecasts that 10-year French government bond yields could fall from around 6.7 per cent to 6 per cent within 12 months.

Crédit Foncier, which has a AA1/AA+ rating, raised FFr3bn of 10-year bonds with a coupon of 6.75 per cent, priced to yield 27 basis points over the relevant government bond.

Crédit Lyonnais, which was the book-runner and joint lead manager for the Crédit Foncier deal, said the spread tightened fractionally.

However, the reaction among the other French Eurobond houses was mixed.

Some claimed the deal was priced too aggressively and that the spread widened out slightly as the bonds proved hard to place, while others thought the pricing was quite fair.

Crédit Lyonnais itself launched a FFr2.5bn nine-year bond issue, which was quickly raised to FFr3bn.

The bonds were priced to yield 70 basis points over the government bond, which some dealers described as "on the generous side" for a borrower with an A1/AA- debt rating.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Ecopetrol	150	7.25#	99.629R	Jul.1998	0.875R	+218(5⅝%-98)	Bankers Trust Intl.
Okobank	150	(a)	100R	Jul.1995	0.2R	-	Kidder Peabody Intl.
D-MARKS							
KNP BT Netherlands Antilles	200	7	102.125	Aug.1998	2	-	BHF Bank
FRENCH FRANCS							
Crédit Foncier de France	3bn	6.75	98.45R	Jul.2003	0.325R	+27 (6¾%-03)	Crédit Lyonnais
Crédit Lyonnais	3bn	7	97.55R	Jul.2002	0.375R	+70 (8½%-02)	Crédit Lyonnais
STERLING							
European Investment Bank(b)	400	8	101.131R	Jun.2003	0.325R	flat (8%-03)	Salomon Brothers Intl.
CANADIAN DOLLARS							
Prudential Funding Corp.	150	7	98.425R	Aug.1998	0.3R	+50 (7½%-98)	Hambros Bank
Municipality Metro. Toronto	100	8	99.25R	Jul.2003	0.375R	+53 (7¼%-03)	RBC Dominion Securities
PESETAS							
SNCF	10bn	9.7	101.55	Jul.1998	1.625	-	Banco Central Hispano
SWISS FRANCS							
Oliver Corp.(c)‡	50	1.125	100	Jul.1997	-	-	Nomura Bank (Switz.)
European Investment Bank(d)‡	50	4.5	102	Jul.1997	-	-	Swiss Bank Corp.

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ♦Private placement. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Coupon pays 3-month Libor + 0.5%. b) Fungible with the existing £600m. Plus 40 days accrued interest. c) Callable if all options have been exercised. d) Issue launched on Tuesday was increased to SFr250m.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:55 pm on June 24

[illegible]					

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	64	2	11
Other Fixed Interest	7	0	5
Commercial, Industrial	217	270	914
Financial & Property	177	91	531
Oil & Gas	5	28	49
Plantations	0	2	8
Mines	55	14	70
Others	36	46	48
Totals	564	451	1,637

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
125	F.P.	-	132	120	AG Holdings	120	-2	R5.25	1.9	5.5	10.8
100	F.P.	-	107	91	Avesco	91		-	-	-	-
25	F.P.	-	40	25	Bruntcliffe Aggregates	35		-	-	-	-
148	F.P.	-	168	148	Carpetright	166	+½	W3.09	1.7	2.9	24.4
100	F.P.	-	100	63	China Inv. Tst.	94		-	-	-	-
-	F.P.	-	53	32	Do Warrants	53		-	-	-	-
150	F.P.	-	204	200	Crabtree	203		-	-	-	-
40	F.P.	-	102	78	Davidson Group	77		-	-	-	-
105	F.P.	-	155	121	Drew Scientific	131	+1	N-	-	-	-
210	F.P.	-	253	233	Fine Decor	252		u7.5	1.7	3.7	19.3
-	F.P.	-	13	12	First Spanish Wts 1997	12	-½	-	-	-	-
150	F.P.	-	175	163	Inveresk	170		15.0	2.3	3.7	12.8
100	F.P.	-	101	97½	Ivory & Sime SS	97½	+½	-	-	-	-
100	P.P.	-	129	100	Northern Ireland Elect	127	+1	W18.02	2.3	5.1	8.2
130	F.P.	-	138	122	OGC	125		14.4	2.5	4.4	11.4

FIXED INTEREST STOCKS

[illegible]					

RIGHTS OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+or-
155	Nil	23/7	50pm	32pm	Brixton Estate	32pm	-7
92	Nil	4/8	19pm	9pm	Burford	9pm	
195	Nil	12/7	54pm	50pm	Crabtree	53pm	
25	Nil	6/8	2½pm	1pm	Ferraris	2½pm	+¼
285	Nil	11/8	58pm	43pm	Hammerson	43pm	-10
285	Nil	11/8	55pm	42pm	Do A N/V	42pm	-10
380	Nil	27/7	57pm	39pm	MEPC	39pm	-8
132	Nil	4/8	20pm	18pm	Norcros	20pm	+1
28	Nil	25/6	12pm	8½pm	Osprey Comms.	8½pm	
102	Nil	28/7	29pm	30pm	Sanderson Murray & E	29pm	+2
135	Nil	13/7	34pm	25pm	Sheffield Insulns.	27pm	
18	Nil	21/7	14pm	5pm	Sleepy Kids	6pm	

a Figures based on prospectus estimates. N Figures based on BMR 'Headline Earnings' draft proposals. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♣ Issued by way of rights. † Introduction. § Placing price. ✻ Unlisted securities market. pm Price at a premium.

TRADITIONAL OPTIONS

● First Dealings June 14
● Last Dealings June 25
● Last Declarations Sep. 16
● For settlement Sep. 27

3-month call rate indications are shown in Saturday editions.

Calls in Flextech, D.C. Gardner, Kewill Syst., Ratners, Simon Eng., Stonehill A, Trafford Park Ests. and United Energy. Puts in Dares Ests. Pref., Flextech, Kewill Syst. and Tiphook. Double in ASDA and Y.J. Lovell.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls			Puts		
Zeneca	600	30	47½	61	8	25½	35
(*623)	650	9½	23½	57	34½	54½	61
Option		Jul	Oct	Feb	Jul	Oct	Feb
Grand Met	420	20	33	44	11	19½	31
(*432)	460	5	16½	27½	37½	44	54
Ladbroke	160	18½	25	29	2½	9	13
(*174)	180	8½	14	19	11	21½	23½
Utd Biscuits	380	21	36½	45½	12	22½	32
(*396)	420	7½	23	33	30½	39	49
Option		Jul	Oct	Dec	Jul	Oct	Dec
Fisons	180	10	21	36	9½	18	22½
(*181)	200	4½	14	18	23½	30½	34½
Option		Aug	Nov	Feb	Aug	Nov	Feb
Brit Aero	390	31	54	60½	18½	35½	44
(*398)	420	10½	39	52	37	51½	60
Amstrad	30	8	7	8	1½	2½	3½
(*34)	35	3	4½	5½	4	5	5½
Barclays	460	26	39	47	21	27	34½
(*467)	500	10	22	30	47½	52	25½
Blue Circle	240	29	34	38½	6½	10	10
(*258)	260	18	23½	26	15	22	26
British Gas	300	27½	21½	34½	4½	10½	12½
(*299)	300	15	19½	23½	11½	28	22
Dixons	200	24	31	35	5	13	17
(*218)	220	12	21	25	17	23	27
Eurotunnel	420	37	57	-	21½	45½	-
(*421)	460	21	37½	-	30½	68½	-
Glaxo	550	50	64	-	18	37	-
(*574)	600	25½	41	-	45½	65½	-

FT-SE Index								
Aug	214	170	126	80	60	34	20	10
Sep	228	195	145	110	80	54	35	22
Oct	237	197	160	125	96	71	51	38
Dec †	277	-	192	-	130	-	84	-
Jun †	330	-	266	-	300	-	195	-
PUTS								
Jul	2	3	7	13	33	65	111	181
Aug	8	11	20	33	54	82	118	181
Sep	14	21	31	48	67	94	127	165
Oct	22	31	43	25	79	100	128	172
Dec †	38	-	96	-	163	-	157	-

June 24 Total Contracts 27,231
Calls 14,723 Puts 12,508
FT-SE Index Calls 1,227 Puts 1,473
Euro FT-SE Calls 2,332 Puts 2,233
*Underlying security price. †Long dated expiry months. Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Thu Jun 24	Day's change %	Wed Jun 23	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (25)	127.62	+0.14	127.44	1.61	8.71
2	5-15 years (22)	148.99	+0.35	148.47	1.94	6.65
3	Over 15 years (9)	162.56	+0.48	161.79	2.75	4.55
4	Irredeemables (6)	182.96	+0.63	181.82	1.94	6.36
5	All stocks (62)	145.23	+0.31	144.78	1.95	6.94
	Index-Linked					
6	Up to 5 years (2)	185.07	+0.04	184.99	1.10	1.92
7	Over 5 years (11)	174.57	+0.05	174.49	0.65	2.62
8	All stocks (13)	174.87	+0.05	174.79	0.70	2.53
9	Debs & Loans (65)	132.14	+0.60	131.36	2.42	5.09

	AVERAGE GROSS REDEMPTION YIELDS		Thu Jun 24	Wed Jun 23	Year ago (approx.)
	British Government				
1	Low	5 years	6.97	7.03	8.17
2	Coupons	15 years	7.97	8.02	8.92
3	(0%-7¾%)	20 years	8.13	8.18	8.92
4	Medium	5 years	7.15	7.21	9.23
5	Coupons	15 years	8.08	8.13	9.09
6	(8%-10¾%)	20 years	8.10	8.24	9.05
7	High	5 years	7.33	7.38	9.44
8	Coupons	15 years	8.34	8.39	9.27
9	(11%-)	20 years	8.39	8.44	9.20
10	Irredeemables (Flat Yield)		8.29	8.34	9.20
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.99	2.99	4.01
12	Inflation rate 5%	Over 5 yrs.	3.54	3.54	4.34
13	Inflation rate 10%	Up to 5 yrs.	2.20	2.21	3.26
14	Inflation rate 15%	Over 5 yrs.	3.35	3.35	4.16
15	Debs &	5 years	8.66	8.74	10.64
16	Loans	15 years	9.04	9.11	10.45
17		25 years	9.21	9.27	10.32

Eurotunnel may need to seek a further £1bn

By Andrew Taylor, Construction Correspondent

EUROTUNNEL may need to raise additional funds "of under or around £1bn" to pay for the Channel tunnel with an equity issue a possibility in the first half of next year, shareholders were told yesterday.

It had not been expected that the company would consider making a share issue so close to opening of the tunnel.

The figure of £1bn was also marginally higher than some analysts had expected, although the group insisted that its funding expectations had not changed and that any numbers at this stage were only an estimate.

The group has previously raised £8.9bn, of which £1.6bn is equity.

Mr Gerald Corbett, chief financial officer, told the annual meeting in London that Eurotunnel's current facilities were likely to last "to around the middle of 1994 plus or minus a couple of months."

He said that banks in discussions with Eurotunnel had agreed that the opportunity should be seized if conditions in the first half of next year were "suitable for an early equity raising by way of a rights issue or similar route."

It had been accepted that it would be preferable if future funding involved a "50:50 split between equity or equity type funding and additional debt."

Any equity issue would be timed to be at or near the opening of the tunnel for services. Contractors building in the tunnel have told Eurotunnel that the project was unlikely to open before next summer unless an agreement could be reached over their claims for additional payments.

Eurotunnel's bankers, which so far have agreed to lend the project £7.3bn, however, are working on the basis that a phased opening would take place with the first services for heavy goods vehicles starting in February and services for cars and coaches starting in April next year.

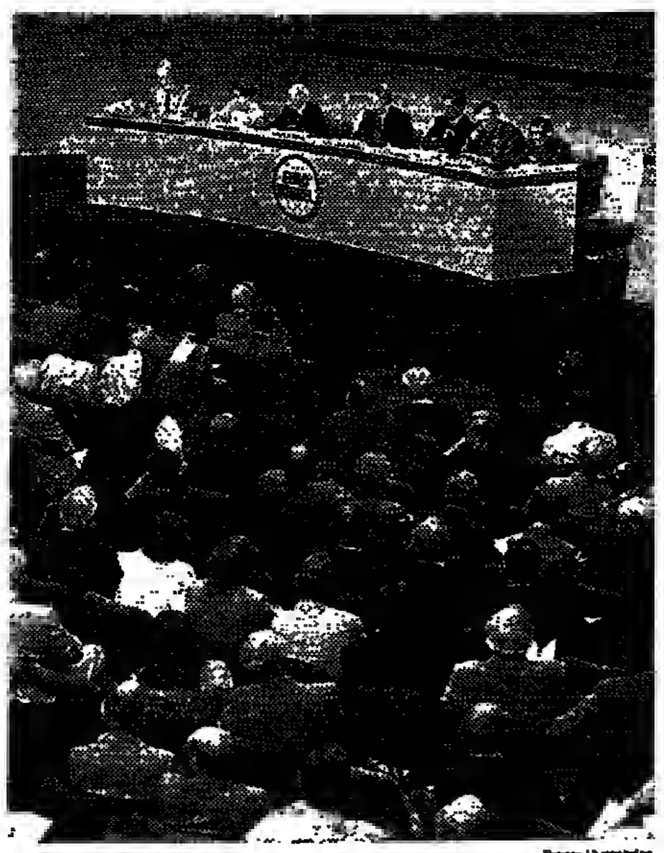
Mr Corbett said that the loss of potential revenue caused by delays, rather than any further increase in construction costs, was causing the strain on future funding needs. The cost of building the project, including lost revenue since 1987, has risen from £4.8bn to approaching £10bn.

He estimated that additional finance required by the group "should be under or around £1bn of which more or less £600m will be needed during 1994 and 1995 with the balance to be in place by the beginning of 1996."

Up to £300m of this might come from a free issue of warrants, on the basis of one warrant for every share held.

These would allow shareholders to buy one new share for FFr28.25 or 335p for every ten warrants acquired. These could be exercised in October 1995 or in June next year if funds were required earlier.

Sir Alastair Morton, Eurotunnel's chief executive, told shareholders that it would cost the group 15 times more if it accepted the contractors demands than the revenue it would lose through late opening.



Trevor Humphries

Sir Alastair (standing) addresses the annual meeting in London

SW Electricity advances 22%

By Michael Smith

SOUTH WESTERN Electricity, the power supplier and distributor, said yesterday it had virtually ended the practice of disconnecting customers as it revealed a pre-tax profit of £101.1m, up 22 per cent on the previous £83m, and a 15 per cent dividend rise.

Mr John Seed, chief executive, said that last month the company disconnected only one customer over bad debts.

The dividend rise, taking the total from 17.4p to 20p with a final of 14.1p, was at the top of the range among regional electricity companies so far this year. It was paid from earnings of 63.1p (50.6p).

The company is understood to have given its retail arm two years to perform satisfactorily. Unless it does, it is thought the company will seek to sell it, although Mr Seed would not confirm this.

In the year to March 31 1993, the retailing arm incurred losses of £1.9m, against £400,000. Mr Seed said it had been helped by the integration of 23 stores in South Wales. He expected the division, to at least break even this year.

In the core electricity businesses, the company achieved a 10 per cent reduction in controllable costs in two years. Staff had been reduced by that proportion to 3,192.

The electricity business produced an operating profit of £103.9m, a rise of £10.2m. The supply business gained 14 large industrial customers outside the region in the competitive market to take its total to 17.

● COMMENT

One effect of the disconnections progress was on bad debt provision, up from £3.9m to £6.6m in the core business. But that should fall as alternatives to controlling debt such as key budget meters take effect, and the company's softer approach will please both customers and the regulator. South Western's outstanding problem is retailing but that is par for the course at electricity groups, and at least it seems to be ready to take action if necessary. In the supply business, the company has less to lose than most when the market opens up next year to allow competition between companies for the custom of medium-sized industrial and commercial customers. Only 13 per cent of its customers are in that category whereas the average is 22 per cent. Conversely, South Western is more exposed than most to the rise in electricity prices which will result from the imposition of VAT; it has proportionally more domestic customers than the average. With profits of £115m and dividends of 22.5p in prospect for this year, the shares are trading on a prospective yield of about 6.1 per cent, about average and fair.

Lucas on target with its divestment programme

By Andrew Bolger

AN EXPERIMENT in glasnost by Lucas Industries, the engineering group, passed off uneventfully yesterday.

Lucas told a party of 26 stockbroking analysts that the group's divestment programme was on target to raise £75m within the current financial year and that Lucas Acoustic Instruments had been added to the list of disposal candidates.

Those were the principal pieces of new information to emerge from the visit, during which Lucas executives were at pains to give a message of "encouraging progress and no surprises".

The shares closed unchanged at 136½p.

The company nevertheless put out a 700-word statement to the Stock Exchange at 4pm yesterday, so as not to be accused of feeding analysts price-sensitive information.

Last week the share price fell after analysts who attended a company dinner at the Paris Air Show took away a bleak impression of current trading conditions – particularly in the European brakes business.

Mr Bernard Carey, director of corporate communications, said the analysts were told that Lucas did not want to take any questions on profit forecasts or the dividend outlook.

The statement, said Mr John Grant, finance director, reported that although markets were tough and Lucas had taken a prudent view for planning purposes, most of the company's market segments were relatively strong.

Lucas had made useful gains in new business and market share throughout the recession and cost reductions would more than offset falls in volume and price pressures.

Low take up for Blenheim cash call

By Angus Foster

SHARES IN Blenheim, the exhibition organiser, fell to a 16-month low after the company announced a poor response to its £75.8m convertible preference share issue, launched three weeks ago.

The company said that only about half the shares available had been taken up by existing shareholders or placed firm, leaving the balance with conditional placees. Under the structure of the issue, shares were conditionally placed with investors but subject to clawback from ordinary shareholders.

Excluding Compagnie Generale des Eaux, Blenheim's largest shareholder, only 20 per cent of existing shareholders had chosen to claw back shares from the conditional placees.

Blenheim's shares fell 23p to 425p in light volume. The shares have now fallen 22 per cent, from 542p, since the issue was announced.

The issue was unpopular with analysts who said Blenheim had no apparent need for the money. They said the issue, combined with more planned acquisitions, would further cloud Blenheim's underlying earnings, already under scrutiny following a change in financial year end.

The take up rate compared unfavourably with a similar issue launched earlier this year by Airtours, the holiday company. In that case, shareholders clawed back 67.5 per cent of their entitlement.

Construction loss leaves Shanks & McEwan at £10m

By Richard Gourlay

SHANKS & McEwan, the waste management company, yesterday reported a 62 per cent fall in profits, as forewarned four weeks ago, after heavy losses in its construction division.

Pre-tax profits for the year to end-March fell from £27.1m to £10.2m on turnover down 10 per cent at £131m.

Sales in the construction division fell £17m as a result of provisions for late payment of contracts and payments it could not be sure of collecting.

Mr Gordon Waddell, chairman, said the disappointing results masked a strong performance in the core businesses. He recognised he would need to restore the group's credibility which had been dented by the construction problems.

Earnings per share fell from 9.9p to 4.1p but the group is to recommend a final dividend of 3.44p, holding the total at 5.68p.

The core waste management division increased turnover by 10 per cent to £106.7m. Before exceptional items, pre-tax profits from waste management activities increased from £25.7m to £26.3m.

Mr Waddell said the recession had lasted longer than anticipated and there was no evidence of an upturn in the group's business.

Pre-tax profits from waste were unlikely to differ materially from last year's level and the construction side was likely to incur losses in the order of £3m.

Most of this represents the interest charge to fund contracts completed but under dispute or not yet paid.

Shanks warned earlier this month it would be setting up a £19.3m provision in the 1993 accounts to cover reorganisation of its construction division encompassing late payments and sums relating to variations in contracts that it is not certain it will collect.

Mr Waddell also said the group was "disappointingly" still awaiting implementation of waste management licensing under the Environmental Protection Act 1990.

● COMMENT

Shanks and McEwan has well and truly bitten the bullet on its construction side, possibly even over-providing against non-payment of completed contracts. Yesterday's figures threw up no new problem contracts but the group will have a continuing, though reducing, interest charge as long as payment is not made. Aside from this construction blot, Shanks has performed commendably during a tough recession. The real question is when recovery is going to creep beyond the consumer sector and into heavy industry and the chemicals sector, on which it is so heavily dependent. The company is also having to contend with an Environment Department apparently soft pedalling on implementation of some of the legislation Shanks has been investing to meet. It is not a happy time for waste companies. This year the company is likely to make pre-tax profits of £26m, or earnings of 9.7p, giving a prospective multiple of about 18.

Robert Fleming improves 33%

By Norma Cohen, Investments Correspondent

ROBERT FLEMING Holdings, the merchant bank and asset management company, reported a 33 per cent rise in pre-tax profits, from £76.6m to £101.6m, in the year to March 31.

The privately owned company reported earnings per share of 142.6p (116.1p), and proposed a final dividend of 26p, raising the total by 15 per cent to 38p.

"Excellent progress has been made in our investment banking, securities and treasury operations," said Mr Robin Fleming, chairman, in a statement to shareholders.

The group's profile in corporate finance in the past year has been raised by Fleming's role as global co-ordinator for the £2.3bn sale of Wellcome shares by The Wellcome Trust.

In investment management, total assets under management rose by more than 20 per cent to £33.3bn with most growth stemming from international fund management operations.

The group's Asian joint venture, Jardine Fleming, owned with Jardine Matheson, achieved pre-tax profits of $93m (£62m), slightly lower than the previous year.

Waddington sale to Adare

John Waddington, the packaging, printing and games company, is to sell certain assets of Waddington Business Forms to Adare Printing for £1.3m.

The disposal will create an extraordinary loss of £8.4m for Waddington, which will be included in its 1992-93 results, due to be announced shortly.

For the year to March 31, WBF incurred an operating loss of £1.8m on turnover of £20.6m.

To fund the deal Adare is calling for I£1.88m through a placing and open offer of 2.01m new shares at 100p each. There is a clawback plan for ordinary holders on a 1-for-2 basis.

Vibroplant confirms decline

By Peter Pearse

PRE-TAX profits at Vibroplant, the plant hire group with operations in the UK and the US, fell from £4.51m to £1.9m in the year to March 31 1993 – as foreshadowed at the interim stage.

A reduced final dividend of 1.28p cuts the total to 2.5p (3.6p), covered by earnings of 2.66p (6.55p) per share.

The shares were unchanged at 66p.

Mr Jeremy Pilkington, chairman, said the results in the UK had been affected by Alphabet Event Hire, which was acquired in February 1992. It had been expected to break even, but had run up "a few thousand pounds" of losses.

More important, though, was the squeeze on prices throughout the whole UK side. Volume and activity levels had been similar to the previous year, said Mr Pilkington, but prices had been "significantly and painfully cheaper". UK turnover fell to £34.9m (£37.9m), with profits at the operating level at £2.2m (£4.83m) and at the pre-tax level £1.29m (£3.27m).

In the US, where the group only hires out aerial work platforms and during the year combined the various subsidiaries into one, the promised recovery had not happened. Turnover there declined to £35m (£38.9m) and pre-tax profits to £608,000 (£1.24m).

A bright spot was the group's strong cash flow which helped reduce gearing to 50 per cent from the 90 per cent level of two years ago. Mr Pilkington's short-term aim is for another £8m-£10m to be paid down this year, bringing gearing down to the mid-30s.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Amber Industrial	fin	13	Aug 9	12.5	18.5	17
Ball (AH)	fin	1	Aug 16	4.8	3.2	7
Cranswick §	fin	5.6	Aug 3	5.2	8	7.5
Denmans Elect §	int	1.9	Aug 12	1.8	-	6.1
Dundee & Ldn Inv	int	3	July 29	3.8	-‡	12
Faupel Trading §	fin	3.05	Aug 28	3.05	4.9	4.9
Fleming (Robert)	fin	28	-	23	38	33
Hunters Armley	int	1.25	Aug 20	-	-	-
Intercare §	int	0.7	Aug 31	0.6	-	2.6
Lonrho	int	2	Oct 1	2	-	4
ML Holdings	int	nil	-	1	nil	1.85
Neepsend	fin	0.5	Oct 1	1	0.75	1.5
Shanks & McEwan	fin	3.44	Aug 3	3.44	5.68	5.68
Smith New Court	fin	5	Aug 27	3.5	8	4.5
SW Electricity	fin	14.1	Oct 4	12.15	20	17.4
Sterling Inds	fin	4.1	Aug 16	4.1	5.6	5.6
Stoddard Sekers	fin	0.75	July 30	1.875	1.5	2.625
Trio	int	1	July 26	nil	-	nil
TSB	int	3.15	Oct 4	3.15	-	6.4
Vibroplant	fin	1.28	Oct 1	2.38	2.5	3.6
Willoughby's Con	int	0.5	Aug 12	1	-	2.5
W'ham/E Denbigh	fin	92.45	-	37.45	134.9	66.12

Dividends shown pence per share net except where otherwise stated. §USM stock. ‡Minimum total of 9p forecast.

Cranswick calls for £3.8m

Cranswick, the supplier of grain, feed, livestock and meat products, announced a 29 per cent rise in profits and a call on shareholders for £3.8m.

The issue, by a rights of 1-for-4 at 152p, is underwritten by Samuel Montagu with brokers James Capel. The shares fell 11p to 181p.

Part of the proceeds will be used to refinance the cost of acquiring George Buckton of up to £1.15m.

For the year ended March 31 turnover rose from £93.9m to £109.6m and pre-tax profits from £1.71m to £2.2m. Earnings per share were 13.7p (14.6p) and the final dividend is 5.6p for a total of 8p (7.5p).

Aviva Petrol seeks $11.3m

Aviva Petroleum, the Texas-based oil and gas company with a London quote, is seeking to raise a net $11.3m (£7.5m) in its second fund raising in a year.

As part of a refinancing it has placed 12.6m shares at 95 cents (63p). The shares were unchanged yesterday at 69p.

The refinancing is dependent on investors taking part being granted options on a further 2m shares held by an existing shareholder.

Aviva raised $5.5m in a 60.65 per cent subscribed rights issue in October last year. In April it announced increased pre-tax losses of $9.83m ($8.81m) for 1992.

TI venture to take lead in aircraft landing gear

By Richard Gourlay

TI, the specialist engineering group, yesterday said it is to set up a joint venture between its Dowty aerospace division and Messier-Bugatti of France, in what would become the world's largest aircraft landing gear manufacturer.

The combined business would have annual sales of about £270m and would account for more than a third of the world's medium and heavy landing gear market, ahead of US rivals, Menasco and Cleveland Pneumatic.

The move is the latest example of European consolidation within the aerospace industry. The venture will help TI and Messier to reshuffle production more efficiently between its plants which are mostly operating well below capacity.

Mr Tony Edwards, head of the Dowty aerospace division, said the joint venture would create the only global landing gear maker, with plant in the US, the UK and France.

"It is time for consolidation," Mr Edwards said. "Half of this joint venture is a better business prospect than going it alone."

Over the past two years aircraft production rates had fallen by 30-40 per cent. A key element of the joint venture would be to shift some production to Dowty's new Montreal facility which is working at about 40 per cent of capacity.

The new venture will be called Messier-Dowty and TI will have management control, supplying the chairman, the chief executive and the finance director.

Mr Jean-Paul Bechat, chairman and chief executive of Messier-Bugatti, a subsidiary of Snecma, the state-owned aero-engine group, welcomed the collaboration. "The venture will not resolve all the aerospace problems," he said. "The joint venture offers good possibilities in the medium and long-term future and is not a measure for the six months to come."

"Dowty was a potential world leader at the time of the takeover [by TI last year]", said Mr Edwards. "We realised at the time that we would need to bring something else together to be world leaders."

Mr Edwards said projections of aerospace orders made at the time of the Dowty takeover last year were still being met for 1993-94. But for the next year, current projections were 10 per cent lower than its original assumptions because of delayed recovery in aircraft orders and Dowty had been forced to accelerate its restructuring programme.

There will be a delay of a couple of months before the new joint venture company is incorporated.

Messier and TI first crossed paths in 1937 when engineers from the French company were given hangar space by the then Mr George Dowty. Dowty then produced landing gear actuation equipment under license before Rotol, a joint venture of Rolls Royce and Bristol bought British Messier in 1949. Ten years later Dowty bought out Rotol.

SelecTV growth held back by wrangling

SELECTV, producer of programmes such as Birds of a Feather and Lovejoy, yesterday announced pre-tax profits nearly doubled to £809,000 in the year to March, writes Raymond Snoddy.

Mr Allan McKeown, chief executive, expressed disappointment, however, that the company had not broken the £1m barrier mainly because of the cost of inter-company wrangling and legal fees.

A dispute between Mr Michael Buckley, the former chairman, and other directors cost the company £296,000 in legal fees. Mr Tony Brooke, the new chairman, said that following an investigation by Richards Butler, the company solicitor, the board had concluded, "that there had not been any conduct amounting to a breach of fiduciary duty or other impropriety on the part of Mr McKeown, who was completely exonerated by the board".

Mr Buckley is no longer a director of the company.

Mr McKeown also yesterday discounted reports that Associated Newspapers, which has increased its stake in SelecTV to 12 per cent, might be planning a bid.

"I think it is very unlikely", said Mr Keown, who added that such a move would breach rules on broadcasters not owning independent production companies. Associated has a 20 per cent stake in Westcountry.

The pre-tax profit, achieved on turnover of £19.9m, compared with £423,000 last time. Earnings per share rose from 0.38p to 0.42p.

Interest income hit by customers' move to higher interest accounts

TSB emphasises return to core

By John Gapper

THE TSB GROUP'S half year results yesterday showed the efforts it is making to concentrate on what it regards as its core business of selling banking services and savings and insurance products to personal customers.

This involves trying to manage down or sell other businesses such as its Hill Samuel merchant banking arm, and re-shaping its "bancassurance" business which combines its retail banking and insurance sales operations.

The re-shaping of this business involves significant short-term costs including staff redundancies, and a controversial push to transfer customers' savings into higher interest-bearing accounts in order to keep them.

Mr Peter Ellwood, chief executive, emphasised that TSB was now "sticking to the knitting" after three years of sustaining large bad debts on peripheral businesses. It was trying to drive down costs, while selling more retail products.

Trading profits for retail banking and insurance operations rose to £206m (£192m) before restructuring costs of £37m involving a 900 cut in staff. Operating costs fell by £4m to £367m as staff costs fell by £13m.

Overall headcount fell from 37,317 to 33,568 over the 12 months to April and the company expects to continue reducing staff at a lower rate.

Interest income was depressed by the continuing policy of advising customers to move from old savings accounts which do not pay rates of interest competitive with Halifax Building Society, which it regards as its main competitor.

Net interest income fell 5 per cent from £422m to £399m as low interest deposits fell. They have been reduced from £5.4bn in 1990 to £2bn in April, while high interest accounts have grown from £1.8bn to £6.2bn in the same period.

Mr Ellwood said that the strategy, which will continue to depress net interest income over the next 18 to 24 months, would be repaid by the bank being able to retain customers and being able to sell them other products such as insurance.

Non-interest income from banking rose only slightly to £158m (£152m), while insurance income rose to £183m (£153m) helped by general insurance sales.

In common with other banks, TSB also achieved a large rise in mortgage sales through its branch network. Mortgages balances rose by 21 per cent to £5.2bn (£4.3bn), the majority of the rise coming from fixed rate mortgages.

Mr Ellwood indicated yesterday that TSB would try to reinforce such "cross-selling" of products to its banking customers in future if it re-introduced charges on current accounts in credit, as most banks are now considering.

He said that TSB had no immediate plans to introduce such charges. However, only 15 per cent of its 4.5m customers now incurred charges, and such cross-subsidisation among accounts was inherently unsustainable beyond two or three years.

He added that TSB would try to reflect relationships in any charging structure. This is likely to mean that charges may be waived for customers who hold other savings products or mortgages with the bank as well as a current account.

Retail group profits advanced by 8 per cent before provisions for bad and doubtful debts and insurance claims to £332m (£298m), but there was a £12m rise in provisions to £72m (£60m) as the recovery remained modest.

Provisions for branch mortgages remained low at 0.1 per cent of balances, £3m against the £5.2bn book. But provisions against other forms of personal lending rose to £44m (£35m), or 2 per cent of balances, against 1.5 per cent.

Acquisitions boost Intercare

By Andrew Bolger

ACQUISITIONS helped Intercare Group, the healthcare products supplier, increase sales by 63 per cent and pre-tax profits by 20 per cent in the six months to April 30.

Turnover came to £17.7m (£10.8m) and profits to £1.68m (£1.4m).

Mr Peter Cowan, chairman, said the drop in margins reflected the acquisition of the less profitable optical business, tighter market conditions and the impact of recession in Europe. However, all existing business had lifted sales by at least 10 per cent.

The biggest division, which makes mobility scooters for the elderly and disabled, increased trading profits from £659,000 to £727,000.

Mr Cowan said the division continued to perform well, in spite of the general downturn throughout Europe. This had delayed the development of export markets outside the Netherlands, in particular Germany.

The optical products side moved ahead from £388,000 to £503,000. This reflected significant expansion of Pennine Optical, and a full six-month contribution from Birmingham Optical.

Medical products expanded from £348,000 to £446,000. The group has extensively reorganised SAFA, which supplies first aid and healthcare products to large corporate customers, since acquiring it last year.

Earnings per share dipped from 4.2p to 4.1p while the interim dividend is increased to 0.7p (0.6p).

Faupel Trading £2m placing

Faupel Trading Group, the USM-quoted textile importer, is raising £2.05m in a placing and open offer.

The group also announced a fall from £1.21m to £825,000 in pre-tax profits for the year to March 31. Turnover moved ahead 19 per cent, however, to £31.4m.

Earnings per share fell to 6.42p (10.22p) and a final dividend of 3.65p makes a maintained total of 4.9p.

The placing is of 3.56m new ordinary 5p shares at 64p each.

NEWS DIGEST

Stoddard Sekers halved

FOLLOWING halved profits for the year to March 31, Stoddard Sekers International is cutting its total dividend from 2.625p to 1.5p.

Turnover of this manufacturer of carpets and furnishing fabrics rose from £46m to £55.4m, reflecting the acquisition of BMK for a 10-month period. On a comparable basis turnover fell 11 per cent, said Mr Hugh Laughland, chairman.

Operating profits fell to £2.43m (£3.63m). On top of that interest charges shot up to £920,000 (£369,000) arising from the costs and debts assumed with the BMK purchase. That led to the decline in pre-tax profit from £3.26m to £1.51m.

Earnings worked through at 1.6p (3.8p). The final dividend is cut from 1.875p to 0.75p.

Trio Holdings

Trio Holdings, the revamped investment trust, yesterday announced its first meaningful results since its restructure and the takeover in January of Martin Bierbaum, the money broker. Pre-tax profits were £2.39m in the six months to March 31. There was no comparable period.

Earnings were 1.59p, or 1.43p fully diluted. An interim dividend of 1p is declared.

Devro International

The offer for shares in Devro International, the sausage skin producer, was oversubscribed by its close yesterday.

Allocations for the 28m shares at 170p will be announced on Monday and trading will begin on Wednesday. An additional 80m shares were placed.

Dundee & London

Dundee & London Investment Trust's net asset value at end-April was 270p, compared with 221p at October 31 and with 262p a year earlier.

Total income for the six months fell to £1.04m (£1.21m) and earnings worked through at 3.85p (4.75p).

The interim dividend is cut to 3p and a final of not less than 6p is expected.

Denmans Electrical

Pre-tax profits at USM-quoted Denmans Electrical improved to £1.08m in the six months to March 31, against £823,000 at the same stage of 1992.

Turnover amounted to £19.8m (£18.9m). Earnings per share improved to 16.53p (12.73p) and the interim dividend goes up to 1.9p (1.8p).

Wrexham Water

Wrexham and East Denbighshire Water Company lifted pre-tax profits from £1.31m to £2.6m over the 12 months to March 31. Turnover amounted to £10.3m, against £9.16m.

Adjusted earnings worked through at 345p (175p). A recommended final dividend of 92.45p brings the total per 4.9 per cent participating ordinary to 134.9p (66.12p).

Neepsend

Neepsend, the Sheffield-based tool, metal processing and DIY products group, swung from profits of £402,000 to losses of £99,000 pre-tax for the year to end-March.

There were exceptional provisions this time of £346,000 against credits of £261,000. Turnover rose £1m to £16m.

A final dividend of 0.5p is being paid out of reserves making a 0.75p (1.5p) total. Losses emerged at 0.32p (earnings 1.8p).

Tex Holdings

Tex Holdings, a provider of consumables to the plastic, steel and energy industries, returned to profits in the second half of the year, but this failed to offset losses in the first six months. The shares advanced 5p to 48p.

For the year to end-March, pre-tax losses were £94,000 (£396,000) on turnover up at £16.7m (£16.1m). Losses per share end were reduced from 5p to 1.5p.

Atlas Converting

Atlas Converting has contracted to acquire 76 per cent of the capital of Midi Machinery for $1.85m (£1.25m).

Midi is a Swiss company which owns the intellectual property rights to a range of aluminium foil slitter rewinders and separators.

Fleming High Inc

Fleming High Income Investment Trust reported a net asset value of 94.1p per share as at April 30, up from 88.7p a year earlier.

Available revenue amounted to £1.84m (£1.8m), equivalent to earnings of 5.85p (5.88p) per share. As already announced, the total dividend for the year is maintained at 5.8p.

However, the trust will cut its quarterly dividend to 1.1p for a total of 4.4p.

Amber Industrial

Amber Industrial Holdings, which manufactures and distributes speciality chemicals, increased pre-tax profits from £2.55m to £3.07m in the year ended March 31.

Turnover increased to £21m (£16.4m). Earnings rose from 34p to 43.7p. The final dividend is lifted to 13p, making an increased total of 18.5p (17p).

Sterling Industries

Sterling Industries, the engineering group, reported increased pre-tax profits of £3.74m, against £3.5m, for the year ended March 31.

Earnings rose from 7.45p to 7.95p and the final dividend is maintained at 4.1p for an unchanged total of 5.6p.

Hunters Armley

Hunters Armley, the web offset commercial printing group that went public in December, expanded pre-tax profits from £716,000 to £973,000 in the six months to March 31. Turnover rose 12 per cent to £16.8m.

Earnings were 3.15p (2.71p) and the dividend is 1.25p.

Bloom returns with £3.5m Union buy

By Vanessa Houlder, Property Correspondent

MR DESMOND Bloom, the property entrepreneur, yesterday announced that Vizcaya Holdings, a USM-quoted shell company that he joined last December, had bought Union Group, a private property group for £3.47m.

The acquisition is accompanied by a £2.2m vendor placing to help finance the deal and a £1.8m rights issue for working capital.

He said the deal represented "the first step in the creation of a property investment company that will be seeking to make its mark over the coming years".

Vizcaya, a former zinc mining company, will be renamed Premier Land and will move up from the USM to the Official List. Its shares, which were suspended at 5¾p on April 20 because of the impending acquisition, are expected to resume trading on July 20.

Union Group has a £40.7m property portfolio.

Vizcaya will pay £2.2m in cash for Union Group by the placing of 44.5m vendor placing shares. The balance of £1.25m will be paid by the issue to the vendors of 25m shares.

Mr Bloom is to be granted an option to subscribe for 5m shares, or 3 per cent of the company, at 6p per share.

In addition to the vendor placing shares, the company is raising £1.8m by a 2-for-5 rights issue of 22.2m shares at 5p per share and a placing of 14.3m shares at the same price. The issue is underwritten by Guinness Mahon.

Mr Bloom, a former guitarist and boxer, was one of the more colourful figures in the property industry in the 1980s. Dwyer, a one-time textile company, briefly became the best performing share on the stock market but its value collapsed as the property market declined. He was replaced as chief executive of Dwyer last November when the directors decided his £250,000 salary could not be justified.

Kelt Energy gets exceptional boost

By Deborah Hargreaves

EXCEPTIONAL ITEMS helped Kelt Energy, the oil exploration and production group, report pre-tax profits of £5.68m for the 12 months to March 31, against £163,000 last time.

The outcome reflected refunds of £3m from the Carless pension scheme, which Kelt took over in 1988, and a release of provisions from the US.

Operating profits increased 29 per cent to £2.97m (£2.31m) as production rose 42 per cent to 5,340 barrels of oil equivalent per day. Mr Hubert Perrodo, chairman, said he expected production to double to 10,000 b/d by the end of the year.

Mr Perrodo has a 75 per cent stake in the company following its restructuring two years ago when a group of banks took over some of its exploration and production assets in return for writing off its debt.

Since then, Kelt has built a niche in the oil industry by looking to take over marginal assets from large oil companies and cutting costs in order to make them profitable.

It has taken over an oilfield in Gabon, cutting operating costs from $18m a year to $11.2m (£7.4m); production is running at 8,000 b/d.

The lines that led to a formula for success

Neil Buckley on the rise of Shoprite, one of a new breed of hard discounters

AT THE checkout in Shoprite's discount food store in Cowcaddens, Glasgow, a customer prods Mr Charles Good, managing director for Scotland, in the chest.

"When are you going to open one of these in Lennoxtown?" he asks in a thick Glaswegian accent. "I'm sure you'd do a good trade there."

Such occurrences are not uncommon. Last week Mr Good had a letter from a family who claimed to be saving £1,500 a year by shopping at Shoprite.

Another fan recently relocated 75 miles from his nearest branch wrote to say it was still cheaper for him to do his monthly shop at Shoprite even after making a 150-mile round trip.

Those stories help explain why Shoprite has become one of the UK's fastest-growing food retailers, and has won the approval both of shoppers and of the City of London.

Since branching out from its base on the Isle of Man and launching in Scotland in 1990, it has built 50 stores and expects to be "nudging 70" by the end of this year.

The latest store, in Paisley, opened only last week and a second distribution centre opened at Cumbernauld last month to supplement the one it acquired from Safeway at Cambuslang in 1990.

The group announced on Wednesday a 62 per cent increase in interim pre-tax profits to £1.69m, and analysts are forecasting £4.8m for the full year compared with £2.7m in 1992.

Shoprite is one of the new breed of hard discounters spreading across the UK but unlike other main exponents – Germany's Aldi, Denmark's Netto and France's Ed – it is a home-grown format not proven first elsewhere.

The man behind Shoprite, however, is Mr Deryck Nicholson, whose father Ken was a co-founder of Kwik Save, now the UK's largest discount grocer.

Mr Nicholson has been steeped in the discount culture since he was pulled out of school at 16 to work in one of his father's stores for two shillings an hour.

He has made Shoprite a model of the limited-line, hard discounter.

Firstly, prices are pared to the bone. "We don't charge what the market will bear, but the lowest price we can and still make a return," says Mr Nicholson.

Margins are correspondingly low – Shoprite claims they are the lowest in the retail trade, but will not reveal the precise figure. Discounting, according to the Nicholson philosophy, is about "intelligent loss of margins".

The idea is that low prices stimulate large sales volumes and Shoprite aims to maximise this by selling fewer than 1,000 lines, compared with more than 15,000 in a typical Sainsbury or Tesco superstore. Those lines make up about 80 per cent of the average family's weekly shop, and hence are the fastest-moving.

The next element in the formula is keeping both capital and operating costs low. Stores are sited in cheaper, secondary locations, and Shoprite is happy to convert old car showrooms or snooker halls. When it does build new stores, the designs are clean and bright, but basic.

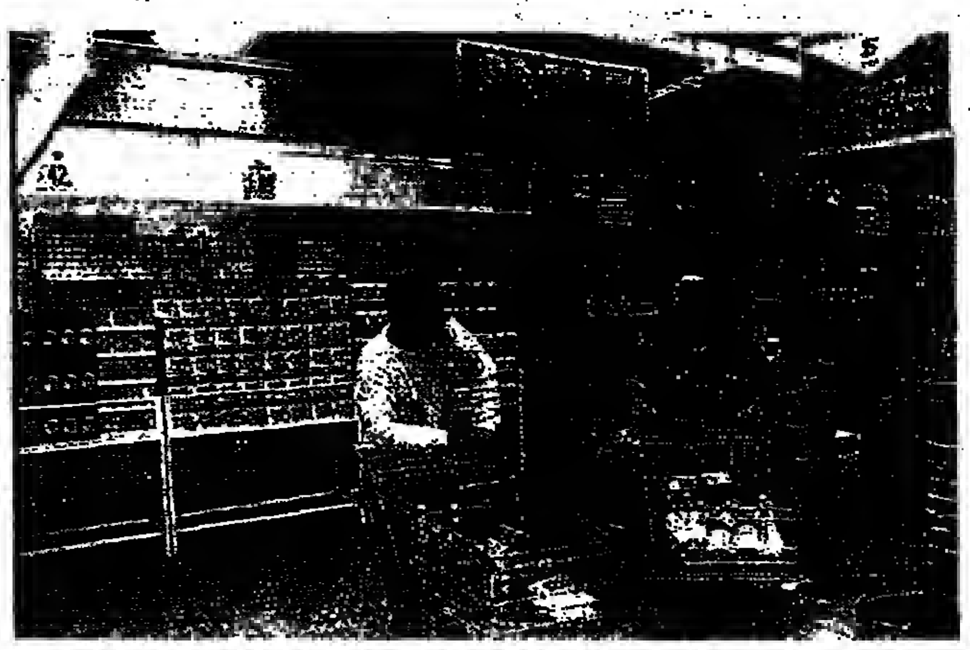
"If you look at us from an interior decorator's point of view, you'll be surprised," admits a cardboard sign at the entrance to Shoprite's store at Whitburn, Lothian. "No frills, no soft lights, no kidding."

The advantages are obvious. Last year, capital spending was £13.8m – less than the average cost of one superstore for the likes of Sainsbury's – and Shoprite opened 22 stores.

Stores are designed to minimise costs and maximise speed of turnover. Goods are sold off warehouse shelves from cardboard boxes with one side sliced off. Chilled cabinets open out into walk-in freezers behind, so that as goods are sold at the front, staff load fresh goods from the back.

That, coupled with efficient stock handling, means Shoprite's stock turn rate – average stock divided by sales – is "the best in the industry", according to Mr Nicholson.

The result is that most goods are sold before they are paid for, so the company's suppliers effectively provide its working capital.



Filling up the trolley in a typical Shoprite discount store at Whitburn, West Lothian.

Shoprite differs from some of its hard discount competitors in its investment in technology. Goods are scanned at the checkouts, and the sales information transmitted to Cambuslang where it triggers re-ordering of goods.

The UK's biggest food retailers are only now introducing similar sales-based ordering systems.

Another important Shoprite strategy is to rent out in-store concessions to local butchers and greengrocers, rather than trying to sell fresh fruit, vegetables and meat itself – a high-cost business requiring special skills. That means it can offer a full range of goods to customers without incurring extra costs, while receiving a useful rental income.

Shoprite, until now the only hard discounter in Scotland, faces an increasingly tough environment as both Netto and Kwik Save have announced plans to expand north of the border.

Mr David Webster, deputy managing director, is unconcerned. He expects the discount sector to have 25 per cent of the £4bn Scottish grocery market by 1996, trading from 350 stores.

He forecasts that Shoprite will have 200 of those stores, and a 15 per cent market share – worth £600m a year. But Sassenachs take note – Shoprite is likely to open its first sites in England before the end of next year.

ML now in profit after £11m loss

By Andrew Bolger

ML HOLDINGS, the loss-making aerospace, defence and electronics group which launched a rescue rights issue in January, yesterday confirmed that it was now trading profitably.

As flagged at the time of the £14.3m rights issue, substantial provisions increased losses in the year to March 31. Turnover was flat at £84.9m but the pre-tax deficit rose from £4.7m to £11.2m. Losses per share emerged at 18.4p (8.6p). There was no dividend.

Under FRS 3, the pre-tax loss was swollen by provisions totalling £7.9m, marginally more than expected at the time of the cash call.

The workforce fell by 15 per cent to 1,300 over the year, and the provisions included £3.5m for redundancy payments and surplus capacity costs.

Mr Howard Grant, who joined ML as chief executive in September from BTR, the conglomerate, said the cost base had now been brought in line with market conditions and he did not envisage any more big job losses.

ML wrote off £1.1m on stock provisions, £800,000 on product line closures and £1.1m in settlement of a long-running legal action over a hovercraft supply contract. In addition the value of certain properties was written down by £1.4m.

The rights issue proceeds cut gearing from 114 per cent to 60 per cent. Mr Grant said the group had strengthened both management and board and also introduced stricter controls in finance contracting and pricing.

ML suffered severe cash pressures during the second half of the year, as its bankers had reduced credit available. This limited the ability of some subsidiaries to procure materials and load their factories efficiently. Customer service suffered and consequently losses mounted rapidly.

The group incurred extra costs of £800,000, comprising legal fees, costs of the rights issue and compensation for Mr Peter Pollock, who departed as chief executive last June.

Gold Greenlees in European venture

By Gary Mead, Marketing Correspondent

GOLD GREENLEES Trott, the advertising agency, has formed a joint venture with GGK, the privately-owned European agency network, with each putting £3m cash into the new company, to be called GGK/GGT Worldwide.

GGT will also be contributing a secured £3m loan over five years. GGT will get 40 per cent of the equity and GGK 60 per cent. GGT has also granted GGK 995,200 share options at 280p per share, exercisable any time up to April 30 1994.

The aim of the link is to give GGT – which has offices in North America as well as the UK – access to a European advertising network. GGT recently completed a £14.7m rights issue. GGK has offices in all the main west and east European countries.

THE PROPERTY MARKET

Costly journey overseas

Vanessa Houlder reports on the Swedes' disastrous record

London & Edinburgh Trust, a UK property company bought by Swedish insurer SPP three years ago, has won itself a place in the record books. Its £448.6m pre-tax loss for 1992 is one of the largest in the UK property industry. But the real significance of the loss is its likely impact on Swedish investors. It is another example of the disastrous property losses they have suffered at home and abroad.

SPP's acquisition of LET was part of a wave of Swedish property investment across Europe after exchange controls were relaxed by the Swedish authorities in the late 1980s.

The freedom to invest money outside Sweden triggered spending of SKr100bn (£8.84bn) on foreign property between late 1987 and the end of the decade – more than twice the figure invested in foreign shares over the same period.

This surge of investment, which was prompted by a desire to diversify from the overheated domestic market, could hardly have occurred at a worse time. After some early successes in Belgium and the Netherlands, the Swedes invested in new markets, notably London, which were close to their peak and heading for a steep fall.

To make matters worse, many companies were highly geared. Entrepreneurs often borrowed abroad on the strength of capital which had been raised by borrowing against their Swedish property.

At the time, Swedish investors were considered to be paying excessively for property, perhaps because they used inflated domestic prices as their benchmark. They were also unusually adventurous. Instead of opting for investment properties in established locations, they preferred building their own developments.

Consider, for instance, some of the more prominent Swedish-built buildings in London. Swedish investors are heavily represented in Docklands, London's worst-hit property market, with Skanska's 550,000 sq ft largely unlet Thomas More Square and East India Dock, a 600,000 sq ft, mostly unlet office scheme on the edge of the Docklands, which is jointly owned by NCC, a construction company, and SPP.

Hammersmith, another fringe location in west London, was chosen as the site of the Ark, a strikingly unconventional building which – in spite of numerous architecture awards – is also unlet. It was built by Ake Larson Byggare, a Swedish contractor, which went into receivership earlier this year.

The problems encountered by Swedish developers abroad demonstrate the difficulties of operating overseas. Swedish companies' undoubted construction and design skills did not stand them in sufficient stead in London, where tenants place greater emphasis on good location than on quality, certainly more so than their counterparts do in Sweden. "They did not take enough account of local factors," says Sir Julian Berney of Jones Lang Wootton, chartered surveyors.

The losses endured by Swedish investors overseas have played a prominent part in the recriminations over how the Swedish financial sector got into its present problems. Allegations of fraud and negligence by lenders are also recurring themes in the debate about where responsibility should lie for Swedish property losses.

The best explanation for the property predicament lies in the behaviour of the Swedish banking system following its deregulation in 1985. This triggered an explosion in credit, much of which was directed towards property; at the time property was a highly tax-efficient investment.

The banks competed vigorously for property loans, lending up to 90 per cent of a property's value. "The banks had a philosophy of growing by volume. The more you could lend the better," says Mr Magnus Dager, a consultant for Knight Frank & Rutley and a former president of the Swedish Property Federation.

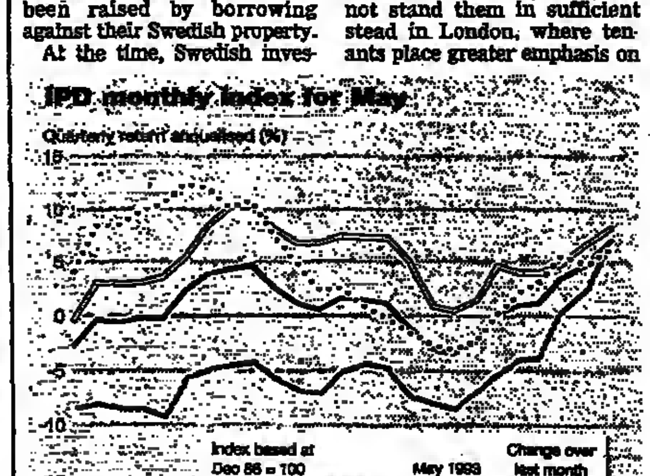
If the banks are blamed for inflating property prices, then the Swedish government is held responsible for pricking the bubble. "For decades the politicians have said they would fight inflation. When they did, it took people unawares," says Mr Sten Westerberg of Swedish financial advisers Westerberg & Co. The government's assault on inflation more than doubled real interest rates to 10 per cent-plus in 1991-92.

Rising interest rates together with the worsening recession sent property prices down as fast as they had risen. Since the mid-1990 prices have fallen by more than 50 per cent, putting at risk more than half of the SKr275bn in commercial property loans held by Swedish banks, says one broker.

As the scale of these potential losses became evident, Sweden's centre-right government took on the politically unpopular task of bailing out the banking system at a time when it is trying to reduce a rising public sector deficit.

The government has created a 'bank support authority' to administer state aid which has so far totalled SKr74bn in cash, loans and guarantees. Problematic loans will be put into so-called "bad banks" – a newly-created holding company for the bad loans.

These "bad banks" will remain in state hands while the rump of the parent banks are sold off. The result is that the government is likely to retain responsibility for these assets for years to come. The legacy of the ill-starred investments of the late-1980s may dog the economy for a decade or more.



Signs look good

The May statistics from the Investment Property Databank, a research group, showed further signs of recovery as average yields declined by 0.04 per cent to 9.9 per cent.

Total returns rose to 0.7 per cent and the decline in capital values slowed from 0.2 per cent for April to 0.1 per cent. The rate of decline of rental values slowed to 0.9 per cent, compared with 1.2 per cent for April.

For the year to May, the all-property return was 1.3 per cent, the best year-on-year movement since the year to August 1992. Capital values to May. Rental values experienced their most severe 12-month fall, with a decline of 10.7 per cent.

The performance of industrial property showed the best improvement of the three sectors with a total return of 0.8 per cent, up from 0.4 per cent.

Office returns rose by 0.2 points to 0.7 per cent. Retail returns dropped by 0.1 points to 0.6 per cent.

During May, office and industrial yields declined by 0.06 per cent to 10.3 per cent and 11.4 per cent respectively. Retail yields fell by 0.02 per

RECRUITMENT

JOBS: A do-it-yourself guide to how understanding things differs from being able to do them

Self-imposed stranglehold on recovery

OUT of the shadows of a dark empty street springs a hulking man. Wrapping his fingers round your throat and giving you no chance to knee him, he presses both thumbs on your Adam's Apple and starts throttling the life out of you.

What do you do to stop him?

Although some readers will no doubt know the answer, if you're anything like the people to whom the Jobs column demonstrated it at a conference not long ago, most of you will not. The object of my demo was to clarify the difference between two broad kinds of knowledge. One is the academic sort forming the main stock in trade of higher education at universities and so on. The other is the type essential to the doing of almost all skilled work.

The fact that the difference exists is crucial, especially in Britain. For it seems clear that unless we improve our stock of work skills, wa shall be unable to keep up our present standard of living. And one costly service at risk to economic faltering is our network of higher educational institutions which, however else they may benefit the community, aren't earning their own keep.

How expensive they are was illustrated by the Labour shadow education minister Jeff Rooker at a Lancaster University seminar last week. He said his inquiries showed that the average yearly cost of nursery schooling to the taxpayer was £1,400 a head, rising to £2,200 in secondary schooling, and £2,700 in college courses not leading to degrees. At university undergraduate level the averages leapt to between £6,000 and £9,000 depending on subject studied, and at Oxford and Cambridge in particular to £6,000-£11,000.

Anyone doubting that higher education is failing to cover its costs should read a study by the seminar's organiser, Lancaster's Jim Murphy, in the latest Oxford Review of Education.

One thing he does is to take apart various reports that have tried to justify further expansion of higher education on grounds that Britain provides less of it than do certain countries which are better off. He shows that, whatever may account for the wealth of nations, it is not their provision of post-school courses.

Dr Murphy also rebuts claims that more peopla with degree-level education are needed by companies. He points out that, even before the recession, the British government's *Highly Qualified People* survey found that "a degree was considered essential for only a third of the jobs" for which companies had recruited new graduates. In the other two thirds of cases, the employers said tha work could be done just as well by 18-year-old recruits who had left education after the Advanced level exams, and been given relevant work experience and training.

Such findings do not deny that most graduates are personally enriched by the intellectual stimulus of degree studies. The snag is that unless the personally enriching activity also pays for itself–which the figures suggest it doesn't–it is a drain on the economy. As Jim Murphy puts it, the idea that intellectual energy converts into national prosperity looks to be mistaken.

Tha question why that is so brings us back to you readers standing in the dark street being throttled – unless, of course, you've already expired in the interval. For, to my mind at any rate, the explanation lies in the difference between the sort of knowledge that's the stock in trade of higher education, and the kind which practical skills essentially depend on.

The academic sort consists of two main elements. One is quasi-factual knowledge: knowing *that* something is so. The second is scientific-style explanations of certain phenomena: knowing *why* they are so. But work skills are based on know-*how*, which is more complex.

For one thing, the academic elements are easier to teach, as I hope to illustrate with reference to the throttler. First comes a know-that: what it is that you can do to stop him, virtually regardless of bow much bigger than you he may be.

Put the palm of one hand flat on his chest and, whichever hand you use, slide forward the foot on the same side of your body. Then push, sharply swivelling your shoulders and hips sideways, as though your band on his cbest were holding an archer's bow and you were drawing it with the other. No matter how hard he tries to hang on, he'll have to let go. If you don't believe me, test it with colleagues.

Having taught you *that* you can stop a throttler in that way, I'll explain *why* it works.

His grip depends on just the power of his hands and shoulders. Against that, while it may seem that you're using only one arm, you are in fact opposing the force of most of your body from the big toe of the front foot upwards.

The only trouble is that, even though you now know both that and why, if you're ever seized in a throttle for real by someone much bigger, it's odds on you'll die. Or, at least, that is the lesson of my experience.

The instructor who taught me the technique was scientifically minded. After demonstrating and explaining it, be had me practise it on him 50 times with either hand. Tben minutes later be suddenly grabbed me and began throttling in earnest. After the second or so it took to realise what was happening, I fought for my life, tearing at his arms and trying to knee and kick him. The only thing I didn't try was tbe push technique.

Once I went limp, he let go. "Wasn't that interesting?", he said as I crawled off to vomit. Ha was right. It had shown me the difference between know-that and know-why on tbe one hand, and know-how on the other.

The distinction is scarcely a new discovery. Aristotle pointed it out some 2,300 years ago. He wrote that absorbing knowledge intellectually is not enough to make it usable. To become readily convertible into skilful action, it "must be worked into the living texture of the mind"* And while he didn't specifically say so, the inference is that the only way to gain such skills is by diligent practice in conditions that are increasingly real.

But altbough his advice has been available for two millennia, the Britisb in particular seem lately to have ignored it. For our 30 years of repeated expansion of higber academic studies has been accompanied by the discarding of a learning method more like the one Aristotle looks to have had in mind: apprenticeship.

All of which would appear to leave any government seriously interested in economic advance with a choice. Either universities and tbe like must themselves learn to impart productive know-how to their students in much greater measure. Or much of the higber educational structure must be scrapped and replaced with apprentice-style learning.

Eitbcr way, however, it would be foolish to expect the result to be less expensive – far from it. Indeed, one of the arguments for expanding the educational network was that a given number of students could be put through its courses far more cbeaply tban through the apprentice training that went before.

Hence any return to a know-bow emphasis in learning will inevitably mean a still heavier bill. But it would surely be better to put more money into a process whicb contributes to national prosperity than maintain today's level of spending on a cost.

Ethics VII 1147a. Penguin 1955.

Michael Dixon

MNB

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- Asset management business, with over £9bn of UK funds, is part of a global banking and investment group.
- Highly regarded, exceptionally strong and innovative. Renowned for quality of ideas and people.
- Client driven business culture.

THE POSITION

- Work within small team. Responsible for managing relationships with clients through close liaison with fund managers.
- Develop new institutional business through marketing activities, presentations and written supporting material.
- Ensure clients receive finest possible service. Combine technical input with broader client relationship management.

QUALIFICATIONS

- Probably a graduate aged 30-40, experienced fund manager. Ideally with marketing experience.
- Detailed knowledge of equities or fixed interest markets. Client not product, led. Desire to move from managing money to managing client relationships.
- Mature professional, excellent interpersonal skills, able communicator, orally and in writing.

Please write, enclosing full cv, Ref M2226
54 Jermyn Street, London SW1Y 6LX

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NBS

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MANAGING DIRECTOR

Central Services Unit

As a leading force in the international insurance market, Lloyd's of London is committed to achieving the highest standards of business and administrative efficiency. We are looking for a senior business manager to establish and lead a Central Services Unit (CSU). This new resource, identified in our recent business plan, is designed to improve our quality of service and achieve estimated savings of more than £15 million to the Lloyd's market.

To this end, the CSU will manage the central databases providing accessible information about the Lloyd's membership. It will also take over the funds - valued in excess of £2 billion - currently administered by the Corporation's Deposits Department. From the beginning of 1994, it will handle funds held at Lloyd's from incorporated names and plans to extend this administration service to funds held by members' agents. In addition, the CSU will hold and make available standardised data for analysis and the production of central tax advices.

As Managing Director, you will set up the new unit, select and motivate staff to achieve high levels of service, and manage the migration of support services presently with the members' agents.

It's a role that calls for a proven track record in business management, probably in the financial services industry, together with strong commercial instincts and leadership qualities. Project management skills and experience of managing IT resources are essential. You will also need excellent interpersonal skills in order to manage teams and establish sound customer relationships.

The rewards will fully reflect your experience and seniority.

Please send your CV, together with a concise letter explaining why you should be appointed to this senior management position, to:

Geoff Morgan, Director, Human Resources,
Lloyd's of London, 1 Lime Street, London EC3M 7HA.

LLOYD'S
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STRUCTURED PRODUCTS

London/Germany/New York — c.£40,000 - £350,000

As a result of the growth in structured products, particularly in Europe, we have been retained by several European banks to assist their Human Resources departments to recruit individuals within:-

- Equity Derivatives
- SWAPS (Int rate, Asset)
- Treasury/FX (Sp Products)

Positions exist in the following areas:-

- Sales
- Trading
- Product development
- Research and Analysis

For the senior positions an appropriate level of direct experience will obviously be required. For the other positions application will be considered from:-

- Experienced Sales/Traders
- Futures/Options Brokers
- MBA and ACA with a good first degree

Whilst language skills are not essential, German and/or Spanish speakers would be of particular interest.

Replies in strictest confidence to Anthony M. Justin at the Zarak Hay Partnership on 071-486 6951. Confidential fax 071-486 0379.

INTERNATIONAL CORPORATE FINANCE/M&A

London/Frankfurt — c.£35,000 - £100,000+

Our client is a leading European Merchant Bank which has recently set up a new multi-disciplinary International *Corporate Finance / M&A department* to service the needs of it's clients in:-

- Europe
- Far East
- Latin America

Applicants are sought who are MBA / ACA with experience in one or more of the following areas:-

- Cross Border M&A
- Capital Markets
- Project Finance
- Development Capital

Several positions are available from AD level to Manager level with one opening for an Executive post. In *addition the bank is seeking to recruit* several individuals within:-

Equity Capital Markets

with experience in financial modelling/ valuations.

Candidates should be MBA / ACA qualified with a good first degree and although languages are not essential, the ability to speak German would be an obvious advantage for the Frankfurt based position.

Replies in strictest confidence to **Julian Davey** *at The Zarak Hay Partnership on 071-486 6951. Confidential fax 071-486 0379.*

THE ZARAK HAY PARTNERSHIP — 60 Marylebone Lane, London, W1M 5FF.

Small Trading Company

[illegible]

UK EQUITIES ADVISOR

Experience of handling private clients and sales ability required for demanding role in young company offering advisory service. Applicants ideally under 30.

Please telephone: 071 403 3212, quoting Ref: BRH.

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Business publisher with extensive contacts in the investment field in the UK and US seeks

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PENSION FUND MARKETING

Clerical Medical Managed Funds Limited – part of Clerical Medical Investment Group, is seeking a marketing professional to join the pooled pension fund team based in the West End of London.

The position will involve making presentations to existing and potential clients and to professional intermediaries.

You should be educated to degree level and must possess excellent communication and presentation skills. A background in investment or related marketing would be an advantage as would a good knowledge of the UK pension fund market.

In return we are offering an attractive reward package including a company car, non contributory pension and mortgage subsidy.

To apply please write with a CV in complete confidence, to:- Felix Caulfield, Clerical Medical Managed Funds Limited, 15 St. James's Square, London SW1Y 4LQ. Telephone: 071-930 5171.

Clerical Medical Investment Group is an equal opportunities employer.

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MAJOR EUROPEAN BANK

Our client has a growing expertise in modern Treasury products and wishes to market this capability and develop new business with their existing UK corporate client base, particularly in the area of risk management. We invite applications from candidates with an extensive knowledge of traditional Treasury products and current in depth experience of derivatives gained in an establishment recognised for its strength in this area. The ability to develop strong client relationships, understand clients' tax and financial requirements and to develop new sales techniques is essential. We seek a highly motivated, performance and results conscious individual with excellent communication and team management skills. Initial remuneration is negotiable £55,000-£65,000 + Bonus and bank benefits, with some flexibility for an exceptional individual. **Applications in strict confidence under reference HSM4900/FT to the Managing Director, CJA.**

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Clare Peasnell on 071 873 4027

To £50,000 package + banking benefits — Guinness Mahon Private Bank — *City*

Client Relationship Manager

This long established merchant bank is launching a new private banking operation to capitalise on the broad capabilities of the Guinness Mahon Group. With substantial investment, an imaginative, progressive strategy and a new management team, the department is positioned to become a major force in UK private banking. The range of Group services will include full UK banking service, domestic and international investment management through Henderson Crosthwaite and Guinness Flight, Swiss and CI banking, trustee, pension and tax planning services. Prestigious offices and superb new systems. Enormous potential to contribute to business growth.

- Responsible to the Director of the Private Banking Department for providing the highest quality service to a selective, predominantly UK based, client portfolio. Training and developing an assistant.
- Marketing the services to the Group client base, other very high net worth individuals and professional intermediaries. Contributing to new product development.
- Key involvement in developing the business strategy and building a powerful reputation for sustainable competitive advantage.
- Experienced private banking officer, probably early to mid 30s, with first class career record in blue chip bank. Polished style with client handling skills of the highest order.
- Well developed credit and technical skills and exposure to the full range of banking services. Excellent communicator, negotiator and relationship builder.
- Diligent team player with the ambition to join a small, committed group. Substantial opportunities for personal and professional development.

London 071 973 8484
Manchester 061 499 1700

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Please reply with full details to:
Selector Europe, Ref. F31470631,
16 Connaught Place,
London W2 2ED

c. £70,000 Package — *British Railways Board Vendor Unit* — *London*

Corporate Finance Director

The privatisation of British Rail will be one of the most demanding intellectual and managerial challenges of post war business. Responsibility for the sale of some 200 business units has been delegated to the Vendor Unit of the British Railways Board. Great variety and complexity in the nature and size of businesses. The programme of disposals will have a high public profile and will last about four years. British Railways Board is committed to equal opportunities.

- Responsible to the Managing Director for the successful programme of disposals maximising the value of receipts. Managing and developing a small team and controlling the Unit budget.
- Analysing individual businesses, verifying information and ensuring that deals are appropriately structured. Advising and controlling the activities of merchant banks and other professional advisors on transaction issues.
- Ensuring that MBOs are appropriately funded and positioned for fair competition. Top level liaison with Government ministries and the BR Board. Key contribution to the strategic approach of the Unit.
- Seasoned corporate financier probably at AD/Director level in large blue chip bank or professional practice. Broad experience in successful deal structuring and transaction management. Preferably qualified accountant.
- First class, disciplined analyst and planner with sharp intellect and well developed team management skills. Experienced negotiator with sound understanding of legal frameworks and documentation.
- Robust, persuasive communicator with stature and credibility. Personable with ability to work well in small close knit team.

London 071 973 8484
Manchester 061 499 1700

Selector Europe
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Please reply with full details to:
Selector Europe, Ref. F31480631,
16 Connaught Place,
London W2 2ED

POWERGEN

Senior Project Finance Executive

London — **Excellent Package**

PowerGen plc is one of the world's largest private sector generating companies. It is commercially led, innovative and competitive. Turnover in 1992/3 was over £3billion with profits of £425million.

Increasing focus is now being placed on international opportunities within the energy sector utilising the company's core skills and experience. An experienced Project Financier is required to assist in the financing of capital projects overseas.

Reporting to the Manager, Project Financing in the company's Treasury Department, the post holder will assist and on occasion lead all aspects of the negotiation of non-recourse financing packages for major overseas capital projects.

The successful candidate will have a good first degree together, ideally, with relevant professional/post-graduate qualifications. He or she will have extensive knowledge and experience of project financing techniques and of the procedures/requirements of export credit agencies and multi-national agencies such as the World Bank. Experience of non-recourse transactions in the Far East would be particularly valuable. Strong analytical skills, including spreadsheet techniques together with excellent communication and presentation skills are likely to be pre-requisites.

Salary is negotiable depending upon experience and qualifications and will be supported by an attractive benefits package.

Please write - in confidence - with full career details to: Douglas Austin, Ref FT 22816, MSL Group Limited, 32 Aybrook Street, London W1M 3JL.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

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Emerging Markets - Derivatives Sales

New position for experienced structured sales specialist to make a unique career move and join a close-knit team in a dedicated global emerging markets business. The bank is one of the market leaders in underwriting and distributing emerging market products and has a notable reputation for the innovative application of derivatives to emerging markets. The business continues to expand rapidly and 1993 performance has been outstanding.

- Build on existing client franchise distributing a range of OTC emerging market derivatives, both debt and equity, educating the institutional investor base and successfully introducing new concepts. Reports to Managing Director.
- Contribute to the structuring of transactions providing an in-depth knowledge of investors' appetite, identifying specific pockets of demand and working closely with origination and research to deliver solutions.
- Support the distribution of fixed income and cash equity products servicing a bank and non-bank investor base across continental Europe
- High calibre graduate with mathematical background and first-class training from top tier investment bank. Broad understanding of derivatives and experience of structured sales.
- Sound, conceptual understanding of the components used to generate OTC derivatives structures. Client orientated with the ability to explain complex concepts in an educative manner. Confidence and maturity to devise own marketing plans.
- Enthusiastic and energetic approach. Tenacious, resilient and capable of setting own agenda. Highly motivated interest in the emerging markets and hungry for success. At ease in a demanding and constantly changing environment.

London 071 973 0889
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. F71800631,
16 Connaught Place,
London W2 2ED

GENERAL MANAGER - PERSONNEL AND ADMINISTRATION

Our client is a last growing business group based in the U.A.E. involved in local and international markets and diversified activities. The Group strategy is to maintain a top quality management feam and it offers an excellent opportunity for career development.

The Group wishes to recruit a high calibre individuel for the position of GENERAL MANAGER - PERSONNEL & ADMINISTRATION.

Reporting to the Group Director responsible for Human Resources and Services, your goal will be the successful establishment of the Human Resource function of the highest quality within the group which will include a broad range of administration services. The initial focus will be on development issues, including design ol management structures, recruiting, training end development, policies and procedures, compensation end benefits. You will have a pivotal role et the heart of this fast growing end rapidly chenging business.

This is an unusually demanding role end the selection criteria wilt therelore be exacting. Broad exposure in ell areas in the Human Resource function is essential end this should heve included significant exposure to the Middle East. You must heve held senior responsibility for a substantial Human Resource function in e decentrelized, results oriented environmem in a major International Company for the last 5 years. You must have direct personal experience in manpower planning, recruitment and selection, training and development, job enalysis/evaluation, performance appreisal, organization structure and design, payment system, employee relations and health, safety and welfare.

Aged 35-45 years, you must heve a University degree, with relevant post graduate menagement qualifications, preferably MBA. Excellent command of spoken end written English is essential. Knowledge of Arabic language is desirable. Strong commercial ewereness, e pro-active style end the ability to lead and motivate a team will be essentiel to success.

An attractive salary and outstanding fringe benefits will be offered to the selected candidate.

Please apply in strict confidence within 10 days to:

A.F.Ferguson & Co.
P.O. Box 7219
Dubai, U.A.E.

giving full details ol age, qualifications and experience along with a recent passport size photograph. All applications and envelopes should be marked with the reference number "MS/9173/FT".

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The successful candidate will have proven knowledge of the UK regulatory environment. Exposure to other international regulatory regimes would be an advantage. A strong personality together with the ability to interact at senior management level is essential.

This is an outstanding opportunity to join an expanding organisation where a major contribution to its future development can be made.

For a confidential discussion please contact Tim Sheffield or Nigel Haworth. Telephone: 071-236 2400/Fax: 071-236 0316 or apply in writing to Sheffield-Haworth Limited, Prince Rupert House, 64 Queen Street, London EC4R 1AD.

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FIMAT, the futures broking arm of Société Générale, now has officee spread over 12 countries in Europe, the USA and Australasia and has membership on 17 different futures exchanges worldwide.

We are currently expanding the activities of our broking team in Madrid and ere seeking to recruit an experienced Futuree Broker.

Applicants should be graduates, probably ages between 25 and 30, with about 2 or 3 year's experience in interest rate futures markets, ideally with knowledge of both Spanish and UK products. Applicants should also be bilingual (Spanish/English), preferably with some knowledge of French. The ability to demonstrate a strong existing client base would be a distinct advantage.

An attractive remuneration package plus performance related bonus is offered. This is a very exciting opportunity for someone wishing to develop their career within a dynamic, expanding company.

In the first instance, please write, enclosing full CV, in the strictest confidence to: Eileen Dootson, FIMAT Futures UK Limited, Exchange House, Primrose Street, London EC2A 2EH.

National Bank of Bahrain
بنك البحرين الوطني

Investment Advisors
Private Banking

National Bank of Bahrain is expanding its marketing efforts within the Gulf region.

We are recruiting several Investment Advisors to establish and service private banking and investment relationships with High Net Worth individuals and prominent institutions in Saudi Arabia, the U.A.E., Kuwait, Oman, Qatar and Bahrain. The position requires considerable travel.

The ideal candidates will already have established contacts and working knowledge and experience in the sale of investment and treasury products within the Gulf region. In addition, preferred candidates will be university graduates and be able to communicate at a professional level in both Arabic and English.

National Bank of Bahrain offers an attractive compensation package for the right candidates. If you would like to apply for this challenging position, please send your C.V. to:

Manager
Personnel & Training
National Bank of Bahrain
P.O. Box 106
Manama, Bahrain
or fax to 00973-265540.

NBB/08/0784/FT

STRATEGY CONSULTANTS

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Kalchas is an outstandingly successful Strategy Consulting Boutique whose growth is being led by demand from its blue chip clients. The firm is small enough for new hires to have a significant impact on the performance and direction of its business.

Applicants will work in a high performance, high output, creative, professional and high pay environment on projects of significance to corporate clients in the UK and around the globe. They will be seeking an environment which is a meritocracy where career progression is secured by ability.

These are appointments for energetic 25-32 year olds who must hold exceptional academic records and can demonstrate clear indications of career achievement. The positions would most likely suit those who have worked in strategy consulting and have additional experience in Financial Institutions, Manufacturing or Service Industries.

Applications should be made in writing to the Company's advisors ADD-Resources, Surrey House, Tilt Road, Cobham, Surrey KT11 3JH. Tel: 0932-867383, Fax: 0932-865473.

European Fund Manager

London Based – Sal. Neg. + Bonus + Benefits

Sanwa International plc is the flagship investment banking subsidiary of The Sanwa Bank Limited, one of the world's largest banks.

The London based investment management team currently manages assets in excess of $600 million.

An opportunity has arisen to join this operation as a Continental European Fund Manager. The candidate will have a minimum of 3-5 years relevant investment experience, strong analytical abilities and a proven track record. Competence in French or German will be necessary. Primary responsibility will be the management of Sanwa's European equity unit trusts.

There will also be direct involvement in strategic asset allocations for our Global and Balanced funds.

Please send a full CV, including details of your current remuneration package, to:
Jan Cowan, Sanwa International plc
City Place House, P.O. Box 245
55 Basinghall Street, London EC2V 5DJ

Sanwa International plc

Swiss full-service bank in Zurich

Our client is a well-known, internationally operating Swiss full-service bank headquartered in Zurich. Its highly-qualified economic research team focuses on monitoring and analysing the economic and political situation in Latin America providing a tactical and strategic basis for the bank's credit and investment policy there. To reinforce this sector of fundamental importance to the bank we are looking for a competent 28-35-year-old.

Economist

In this position you will primarily analyse Latin American countries and make empirical forecasts for macroeconomic benchmark data.

Other responsibilities include the qualitative expansion of the current rating system and the development of quantitative forecast model to increase the precision and informative value of the analyses and forecasts.

Demanding projects require experience in country analysis, sound knowledge of modern portfolio theory and a fundamental understanding of quantitative methods.

As an author of internationally recognised professional publications and as a speaker, and due to your fluency in German and English, you are well-positioned to make a name for yourself in the bank, professional circles and the broader public.

The successful candidate will be responsible and communicative with a flair for publications and analytical and conceptual thinking. You are noted for your fundamental knowledge of development, trade and balance of payments theory and have either academic or banking experience in the Latin American environment; you have a sound grasp of Spanish.

If you are interested in addressing international economic and political problems in Latin America, we eagerly await your CV, references and a photograph to **VfU-Management Consulting & Executive Search Ltd., Löwenstraße 19, CH-8001 Zürich, Phone Switzerland 1-2211231.**

If you have any questions, please contact Mr H.E. Scholz, lic., oec.

We look forward to meeting you. Complete discretion is guaranteed.

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STRATEGIC MARKETING – UK

Our client, one of the most prestigious banking names in the City, is looking to strengthen its strategic marketing team in the UK with the recruitment of an individual to focus on its provision of investment and other financial services to its extensive high net worth individual (HNWI) customer base.

The job will involve working on specific project initiatives with the aim of structuring existing products and services, and developing new ones to the requirements of the HNWI market.

The chosen candidate, of graduate calibre, will probably be in his or her mid to late 20s, with approximately three to five years' experience in a marketing orientated role within the financial services sector. An Institute of Marketing qualification would be desirable. He or she will be able to demonstrate a good mix between theoretical and practical abilities through, for example, having successfully formulated and implemented financial services products in the UK market.

The position provides a highly competitive salary and benefits package. Future career prospects for the chosen person both within the team and the bank as a whole are excellent.

To apply for this position, please telephone or write in absolute confidence to Neil Salt, quoting reference NAS2133.

Salt Chapman Associates

International Search and Selection

Princes House, 36 Jermyn Street,
London SW1Y 6DT.
Tel: 071-434 1319. Fax: 071-434 0835.

REPO/MONEY MARKET TRADER

Spanish Speaking

LONDON

Our client, one of the world's leading international investment businesses, wishes to recruit a Repo/Money Market Trader to join its existing team.

Based in our client's London office, responsibilities will include managing continental collateral books, developing customer relationships and providing back-up for other collateral trading activities.

The successful applicant will be educated to degree level, ideally with a finance/economics bias, and must be able to show well-developed interpersonal and analytical skills. In addition he/she must be fluent in English, Spanish and ideally Italian.

Applications in confidence under reference RMMT/24816/FT will be forwarded to our client unless you notify our Security Manager in a covering letter of companies to whom your details should not be sent:

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London, EC2M 5PP

Far Eastern Investment Analyst

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Due to the launch of a new Emerging Markets Fund we are now looking for a high-calibre individual who has gained around two years' investment analysis experience in Far Eastern markets and is now looking to build on this and develop fund management skills in the near future.

Your initial role will be research-oriented, but you will assume Far Eastern fund management responsibilities as your knowledge grows. You will analyse investment opportunities in emerging Far Eastern markets and Australia, providing the team with clear methodical research. You will monitor stock market activity and visit companies and countries to gain information on proposed investments.

Probably aged in your early 20s you must be capable of accelerated learning, have a sound grasp of investment analysis in Far Eastern markets, together with high levels of numeracy and initiative. You should enjoy working in a small, professional team with the communication skills to ensure that information is presented clearly and concisely.

In return we offer an ettractive salary dependent upon experience plus a benefits package which includes choice of company car, interest free season ticket loan, profit sharing and share option schemes after e qualifying period, non-contributory pension, free life assurance and membership of e local health club.

If you have the skills, experience and potential we are seeking please send your CV to Cathy Higgins, Allied Dunbar Asset Management plc, 9-15 Sackville Street, London W1A 2JP. Alternatively please telephone her for an application form on 071-434 3211. Any applicants who responded to our previous Japanese Investment Analyst advertisement should not apply - we have contacted those applicants who may be suitable for this job.

Allied Dunbar are committed to equal opportunities, and welcome applications from all sections of the community.

ALLIED DUNBAR
Personal Financial Guidance

We are a world-wide leader in the passive components field (employing 6 300 people in 30 branches throughout Europe, America and Asia). We are seeking

THE GENERAL MANAGER OF OUR JOINT VENTURE IN CHINA

In charge of setting up our future factory and developing our sales network

- You should have a previous experience in managing a passive component department or Company.
- You have lived for several years in Asia (or are of Chinese origin) and you are fluent in English and Chinese.
- You have top level managerial skills, a technical background and a real experience and knowledge of Asia and/or China. You are a first rate organizer, team leader and have good communication skills.

You will be responsible for the construction of the factory, hiring people, transfering technology from Europe and managing operations. You will then develop our industrial and business activities in China (100 people projected in the first 2-3 years).

Please send your job application to AD'COM Agency, specifying, if necessary, any companies to which it should not be forwarded. You may also send your C.V. by fax, and call by telephone if require any further information

AD'COM
32, rue Pierret - 92200 Neuilly sur Seine - France
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We wish to attract a qualified accountant with a background in a well known securities trading or broking house to take on the role of Financial Controller in a start-up situation. Duties will mainly involve setting up the infrastructure for all financial, compliance and regulatory reporting, as well as tax and management information matters.

The post of Financial Controller reports to the Managing Director and will form an integral part of the management team.

This new business will be supported by a strong parent and is expected to develop at an impressive rate.

Please contact Tony Taylor

Fax 071-626 9400 — Ridgway House 41/42 King William Street London EC4R 9EN — Telephone 071-626 1161

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QUALIFICATIONS

- An outstanding track record with proven deal-making skills
- Preferably demonstrating an understanding of the IT industry
- Fluent in English *and* German
- Probably in the age range 28 - 35

If you would like to meet with us, please send your personal career details to Patrick Seely, Principal, Broadview Associates, 40 Long Acre, London WC2E 9JT.
No phone calls please.

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- Executive Consultant - Corporate Finance & Banking.

The first consultant is likely to have had experience as either an institutional salesman or analyst. The second consultant will have had experience as a professional within a merchant bank. Professionalism and detailed product knowledge are essential, as is the ability to win and execute retained assignments.

We also require :-

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He or she must be graduated and possess initiative, commonsense, persistence and sound knowledge of the City products and services.

Sheffield International Limited,
10-15 Queen Street, London EC4N 1TJ
Telephone : 071 332 0032 Fax : 071 332 0034

FIXED INCOME SALES

A top US investment bank is looking for a junior fixed income salesperson to assist in the marketing of European institutions.

Candidates aged between 21-25, preferably graduates with excellent mathematical/economic skills should be capable of working as part of a team in a challenging and pressurised environment. Whilst not essential, both languages and some fixed income knowledge would be preferred.

Please apply to:

Box No B1223, Financial Times,
One Southwark Bridge, London SE1 9HL

PROJECT FINANCE

Morgan Grenfell, the London based international merchant banking and investment group, is one of the City's leading institutions. We hold a pre-eminent position in the provision of advice and specialist project finance services to owners and sponsors of major capital projects worldwide.

We are now expanding this team at both Assistant Director and Executive level and seek applications from degree educated candidates who can offer:

- experience in project finance
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A generous remuneration and benefits package for this challenging role will be available commensurate with the candidates experience and qualifications.

Applicants should send a full CV to Martyn Drain, Personnel Manager, Morgan Grenfell & Co. Limited, 23 Great Winchester Street, London EC2P 2AX.

MORGAN GRENFELL

FINANCIAL EDITOR/WRITER

London

Investment firm desires Editor/Writer for equity strategy research and related publications. Must have impeccable English language skills, excellent sense of organisation and logic, and superior proof-reading talent. Financial knowledge, computer skills and proven ability to work under tight deadlines are also essential.

Send resumé in confidence to: T L Roberts, Ref: 57FT, Confidential Reply Handling Service, Associates in Advertising, 5 St John's Lane, London EC1M 4BH.

Please state any company to which your application should not be sent.

ASSOCIATES IN ADVERTISING

FIXED INCOME SPECIALIST/ASSET MANAGER

CD Group specialises in assisting major Scandinavian corporations designing foreign exchange, interest rate and business risk hedging strategies. Our UK operation, CURRENCY DERIVATIVES (UK) Ltd, a member of SFA, executes these strategies.

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- computer literate and marketing minded
- age 25-35

We operate a performance related benefits scheme and offer highly competitive remuneration commensurate to qualifications and experience. Asset management experience will be viewed as a bonus.

Please reply with C.V. to:

CURRENCY DERIVATIVES (UK) Ltd
1st Floor
119 High Street
Croydon CR0 1QG

Closing date for application - June 25, 1993.

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A senior Business Development Executive is required by a major European bank to develop an International business in futures and options. The successful candidate will have at least ten years' direct experience of the exchange traded futures markets, preferably in the United States and also Europe. An excellent track record in building new business contacts and successful management experience of a sizeable team are essential.

Please reply in writing with full cv, Ref JN157

BMI

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Standard & Poor's MarketScope EUROPE

Due to the success of our new on-line European financial information and advisory service, Standard & Poor's is recruiting additional staff for

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Candidates should have extensive knowledge of European equity markets and speak at least one European language. An extensive background in broking/fund management/journalism is required for investigative reporting on equity markets throughout Europe. Extensive contacts within the European financial community are a prerequisite. Editing capabilities are also preferred.

Please reply to: Matthew Windridge, Standard & Poor's MarketScope, Wimbledon Bridge House, 1 Hartfield Road, Wimbledon, England SW19

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c. £37,000 + benefits

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City Asset Management Company, managing UK and overseas pension funds, seeks an Investment Manager with at least 10 years experience. 5 of which have been in fund management. Reporting to the Director, you will be responsible for researching, implementing and monitoring pension fund investment policy.

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To apply, please send a full c.v. to Box C228. Dawsoo Advertising Ltd. 1 Cresswell Park, Blackheath. Loodon SE3 9RD.

Le Centre Européen de Développement de la Statistique (CESD-Communautaire a.s.b.l.) basé à Luxembourg (Grand Duché du Luxembourg) recherche dans les meilleurs délais des

STATISTICIENS-ECONOMISTES (H/F)

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Les candidats recherchés seront idéalement âgés de 35-50 ans, disponibles pour des missions régulières et/ou une semi-résidence dans les républiques de l'ancienne Union Soviétique.

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Veuillez envoyer votre candidature, votre CV ainsi qu'une photographie récente avant le 31 juillet 1993 à l'addresse suivante:

CESD-Communautaire
Route de Trèves 2-6
EBBC B/6
L-2633 SENNINGERBERG

INSTITUTIONAL FINANCIAL FUTURES BROKER

One of the major financial futures brokers in London wishes to recruit a Senior Institutional Financial Futures Broker to broker their Japanese client base.

The successful candidate will be able to demonstrate extensive knowledge of the world's financial futures markets; have a minimum of three years' financial futures experience; have an existing Japanese client base; be a Japanese national or speak fluent Japanese and have a broad exposure to the Japanese culture.

Remuneration would be by salary and bonuses as well as a competitive benefits package.

If you are interested in applying for the position, please send your resume and a covering letter to: Box B1554, Financial Times, One Southwark Bridge, London SE1 9HL.

All letters will be acknowledged and treated in the strictest confidence. No agencies please.

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£25-£35K

Several vacancies have arisen in the leasing arm of one of the world's largest companies for graduates fluent in FRENCH or GERMAN with experience in analysing/approving credit applications.

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35 year old British businessman experienced in International Trade (import/export/trading) seeks position in the U.K. or overseas in a company or as an assistant to a businessman.

Please write to Box B1079, Financial Times, One Southwark Bridge, London SE1 9HL.

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City Bank requires an experienced trader to fill the post of Senior Eurobond Trader in an expanding trading operation.

The successful candidate will be a graduate and able to demonstrate full knowledge of the market, based on a minimum of 5 years proprietary trading.

Preferred age 27-35 and at least one European language desirable.

Usual banking benefits. Salary by negotiation.

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MANAGER - ADMINISTRATION/ACCOUNTING

A Scandinavian private equity investment group with offices in London, Stockholm and Oslo seeks a Manager for Administration and Accounting.

The position involves responsibility for the establishment and operation of external and internal reporting on a group-wide basis as well as handling of the reporting to The Securities and Futures Authority, of which the firm is a member. The position also involves the organisation of and day-to-day management of administrative matters in the London office. The position requires daily contact with the group's other offices, clients and suppliers both in the UK and in all four Nordic countries. The working language in the office is Swedish/Scandinavian.

The applicant should have at least two years recent working experience from managerial positions in accounting and/or administration in the financial sector from both the UK and Sweden, preferably from smaller or medium sized investment firms. Similar professional experience from Norway is definitely considered an additional advantage. It is absolutely essential that the applicant is fully fluent, both spoken and written, in Swedish, English and preferably another Nordic language.

The applicant is expected to be 25-30 years of age. Terms and conditions are subject to negotiation, but the salary is expected to be in the £20-30K range, dependent on qualifications.

Please reply with your CV to: Box B1555, Financial Times, One Souhtwark Bridge, London SE1 9HL, no later than 8 July 93.

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LEADERSHIP & MOTIVATION

on Wednesday 21st July 1993 at The London Marriott Hotel, Grosvenor Square, London W1.
8.15am to 9.30am

Every manager aspires to be an outstanding leader. Why? Because people 'work for a manager or boss, but they do their best for a leader.' There is a ready realisation that ten well led people will easily out perform thirty who are badly led. As a result, over the years, there has been considerable investment in training for leadership.

The most effective and enduring of all approaches has been Action-Centred Leadership (ACL), which identifies three sets of actions - namely 1) Achieve the Task, 2) Build the Team and 3) Develop Individuals - which every effective leader must take and subsequently sustain in a sense of harmony. Dr Julian Feinstein, the head of Leadership Training at Leadership Development Limited (LDL) takes this elegant and easily comprehensible approach one stage further and discusses how the ACL model can and should be used as a decision making model to deal with business situations.

However, an appreciation of the functions of leadership is not enough if Directors and Managers are to motivate and inspire. In the time available, Dr Feinstein identifies two further key points which leaders might incorporate into their repertoire of responses and which, in turn, will assist them to acquire leadership characteristics which are much admired but too seldom understood.

LDL will very soon be celebrating its 20th anniversary as a major provider of training and consultancy services to the UK market place. Specialising in professional selling, and negotiating skills, leadership and personal development, LDL has always placed strong emphasis on providing not only state-of-the-art skills and ideas to its international client base, but also the drive, determination, and motivation required to put the skills into practice.

Dr Feinstein, a Director of LDL, has, for over fifteen years, explored every avenue associated with leadership. In particular, he has focussed on how leadership skills might best be conveyed to business professionals. For the past ten years he has been with LDL, where, besides his innovative work on leadership, he has pioneered sales training for professional people and found his public speaking skills in constant demand.

In a more personal capacity, Dr Feinstein has been keenly involved in the sporting world, where he serves as President of a thriving sports federation.

Places at the Breakfast are strictly limited.

FINANCIAL CONTROLLER

Uxbridge

to £30,000

Our client, a £100m t/o oil wholesale operation with major blue chip clients throughout the UK, is entering an exciting phase of development and wishes to appoint a Financial Controller.

Reporting to the Managing Director, responsibilities will include the preparation and interpretation of management accounts, systems development and the daily direction of the accounts and stock control teams. In addition to fulfilling the normal statutory duties, the successful candidate will have significant contact with the board as Company Secretary and will be expected to contribute to the overall development of the company.

Candidates should be qualified accountants capable of building good working relationships with a genuine interest in the commercial realities of life.

Please reply to Stephen Williams,
CEDAR International,
15 Bloomsbury Square,
London WC1A 2LJ.

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ACCOUNTANCY COLUMN

Per Astra ad pyrotechnic auditing Ardua

Andrew Jack looks at a probe related to arms for Iraq with explosive implications for the profession

The weighty tome published last week about the investigation by Department of Trade and Industry inspectors into Astra Holdings, the munitions group, makes explosive reading for the accountancy profession.

While many will be frustrated at the absence of commentary on the sensational allegations linking the company to the British intelligence services and the provision of arms to Iraq, the 550-page text is sober reading for accountants.

Though couched in careful words, it is a depressing catalogue of the worst excesses of "creative accounting" in the 1980s. It also raises questions about how far auditors and their firms serve directors at the expense of shareholders.

In 1981, Astra Fireworks, a modest-sized firework manufacturer and distributor, was bought by a management team and began diversifying into military pyrotechnics. The team became the directors, and their advisers – solicitors Baileys Shaw & Gillett and accountants Stoy Hayward – remained with them over the following years.

The company had a private placing of shares in 1985 and, as a result of a reverse take-over of Sumner, it circumvented the requirements of the Unlisted Securities Market to obtain a full listing in 1986, renaming itself Astra Group in the process.

A meteoric rise in its performance then began, fuelled by acquisitions. Pre-tax profits were £24,000 in 1984. They rose to £103,000 the next year, £340,000 in 1986, £1m in 1987 and £6m in 1988. By 1989, it had become a £200m turnover company with £80m in net assets and £9.5m in profits.

Between 1986 and 1989 Astra bought seven companies, leaving little time for consolidation between each. "The ink was hardly dry on one acquisition before the board diverted their attention to another," say the DTI inspectors. The purchases cost £115m, generated through £91.7m in cash from shareholders, and borrowings of £53m.

It could not last. In September 1989, Astra bought PRB, a Belgian munitions company, which "proved to be a disaster". The investment was a complete write-off, generating losses in 1990 of £65.2m. The company limped on until receivers were appointed in February last year. Secured creditors have received 58p in the pound. Others are unlikely to receive anything.

After the DTI investigators began work in August 1990, their remit was rapidly extended from the acquisition of PRB to a wide range of accounting issues in earlier years. What emerges is a company determined to maintain a strong profits record through hasty acquisitions and liberal accounting, at the expense of consistency and fair disclosure to shareholders.

In 1986, Astra discovered an accounting error which would have led to a profits shortfall sufficient to jeopardise its flotation. As a result, the DTI inspectors conclude, a false invoice for £240,000 was raised against Astra through an offshore company, Export Marketing International of Guernsey, controlled by the group, and paid for by two directors through a Swiss bank.

They do not criticise Stoy Hayward for failing to detect the false invoice. But they highlight the failure to compare in detail two inconsistent lists of sales prepared by the company; and lack of documentation to check that the amounts invoiced had been included in turnover.

A second issue concerned the acquisition by Astra of Richard Unwin International in time to include it in the 1987 accounts most favourably. It was effected through what the inspectors call "a manifestly artificial scheme".

Astra was keen to include a £729,000 contract with Unwin from the Nigerian Ministry of Defence dating from July 1985. By using merger accounting, Astra would be able to include the profits – including the contract – for the entire year, regardless of how much had been earned after the purchase.

A report from Stoy argued that Unwin was nearly insolvent and only showed positive assets by revaluing its site and including sales prior to their despatch. It also questioned how far the Nigerian contract was recoverable.

None the less, Stoy suggested a different approach, known as "the Ashdown scheme". Unwin's owner would sell his shares to Ashdown Investments, an Isle of Man company, which would then be bought by Astra. The structure of the deal permitted Astra to bring in the profit on the Nigerian contract while excluding the losses of the past.

In 1986 Astra also bought MFA International, which proved a severe drain on cash. To avoid showing its losses in the group accounts, Stoy helped devise a way to keep it controlled by the company but off-balance and hence not consolidated in the accounts.

The vehicle was Doveshrewd, devised with four classes of shares and two independent shareholders simply, according to a lawyer's note at the time, "so that it did not really look like a sham .... one may as well keep it as much at arms length as one could!"

Over three years, the directors made interest-free loans totalling £4m to MFA which were never disclosed in the accounts. The Stoy auditors accepted minutes of a Doveshrewd meeting as evidence that the company could be treated as off-balance sheet, and assurances from the directors that the loans would be repaid so that no provisions were required.

No such repayments took place. MFA was finally consolidated in 1989, and Astra happily used acquisition accounting, which meant previous losses would not be consolidated. The goodwill on purchase of the company through Doveshrewd was written off through reserves and not separately disclosed, but instead subsumed with large write-offs from the acquisition of BMARC.

The BMARC purchase itself was also an ideal candidate for acquisition accounting. This allowed for the creation of enormous fair value provisions, which were then released from reserves to contribute 40 per cent to profits in 1989 alone.

There was a provision of £7.2m "established as at date of acquisition" for the 5 months before purchase in May 1988. The figure was not considered or calculated until June 1989. It included write-offs for all munitions for which there were no orders in hand at the time of purchase, even though substantial new orders were known of by that time.

Accounting on other issues was equally opaque. In 1987, for instance, all of the remuneration of four directors was deferred and capitalised. Astra argued that this was legitimate because their time had been spent on acquisitions. The inspectors disagree.

In 1988, a note that 83 per cent of turnover was from the US was the only indication that two acquisitions – Walters and Kilgore – were the only profitable parts of the group. The directors report argued greater disclosure "would be prejudicial to the interests of the group" – an argument accepted by Stoy for which the firm is criticised by the inspectors.

Stoy rejects the criticisms made by the DTI inspectors and argues that the points raised are interpretational or judgemental. The DTI is considering whether to begin disqualification proceedings against the company's directors. The relevant legal, accounting and securities disciplinary bodies are also mulling possible action.

The Accounting Standards Board has proposals for reducing flexibility in acquisition provisions and merger accounting. The rules on off-balance sheet vehicles have been tightened.

But the relationship between accountancy firms and directors remains relatively unquestioned. And how many other companies given the same degree of scrutiny for their accounting during the 1980s would emerge uncriticised?

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Group Finance Manager

London

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The company is a profitable UK plc with substantial trading and distribution businesses both in this country and in Continental Europe. Group turnover is over £500 million.

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Preferably an ACA aged 27-30, you will have spent a significant, successful period post-qualifying within the group financial function of a major organisation. Computer literacy will be essential. Personal qualities will include a probing, analytical mind, a "hands on" approach and a high degree of self discipline. You must be able to communicate effectively at all levels.

Please write enclosing a full CV, quoting reference 624, to Nigel Bates, Whitehead Selection Limited, 43 Welbeck Street, London W1M 7HF.

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NORTHERN ★ FOODS

Financial Planning & Analysis Manager

East Yorkshire **£ Negotiable**

Northern Foods plc is one of the largest and most diverse food companies in the UK. They are the leading supplier of milk and fresh dairy products and also manufacture prepared meals, biscuits, cakes and meat products. Turnover exceeds £2 billion and employees number 30,000. This position has been achieved through a commitment to excellence and through constant innovation and the group is well positioned to take advantage of growth opportunities.

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Candidates will be qualified accountants who possess good technical ability along with a high degree of business acumen. In addition you will need to demonstrate a proactive and innovative approach coupled with a high degree of personal presence and maturity in order to contribute significantly in this high profile role. Success in this role will lead to further opportunities within this diverse and rapidly expanding group.

Northern Foods is committed to equality of opportunity, all applicants will be judged solely on their merits.

Interested applicants should forward a curriculum vitae to **Stephen K Banks ACMA at Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ. Please quote reference 156097.**

MP

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Responsibilities will encompass a wide range of significant project based assignments covering a variety of operational issues in addition to the maintenance of Group controls and procedures. Whilst the position reports directly to the Group Audit Controller, there is a large degree of autonomy and scope for individual flair within a strong team environment.

Applicants, aged up to 35, should be qualified accountants with post qualification experience gained in an industrial/commercial audit function. This is seen as a development role within the Group and consequently candidates must possess the technical, managerial and interpersonal abilities to succeed in this demanding position. Career prospects are excellent.

Interested applicants should contact **David Colgrave at Michael Page Finance, Leigh House, 28-32 St Paul's Street, Leeds LS1 2PX. Please quote reference 148312.**

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This ability to communicate is vital in maintaining commitment to the project from senior managers up to Board level, and to ensure the overall integrity, direction and viability of the project. In addition, you will have the necessary skills to monitor and manage the interface with the customer.

Experience of complex project environments is essential and you should be well versed in computer analysis techniques and their application. Of graduate calibre, you will ideally be CCAB qualified with costing experience, and a self-motivator with exceptional leadership qualities.

To apply, please send a detailed CV, including home and work telephone numbers, to:

L.J. Associates, Recruitment Consultants
12 Celbridge Mews,
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A good honours graduate and a qualified CA with well-developed communication skills, you will have at least two years' post-qualification achievement - either with a leading accounting practice providing exposure to major multinational clients, or in blue-chip manufacturing industry. This is a highly visible and proactive role, so you must be able to command respect both for the quality of your professional contribution and for your ability to influence key decision-makers.

Salary will be supported by a comprehensive range of non-contributory benefits, including bonus schemes, pension, life assurance, medical cover and, if appropriate, assistance with relocation.

For more information and an application form, please telephone 0664 416926 (24-hour recorded line) before Friday 9th July 1993. Please quote ref: TA6. *We are an equal-opportunity employer.*

People with Potential

Pedigree Petfoods 1993

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The Proposition. By linking a successful management team with the power of a major US Investor, a unique business opportunity has been created that will dominate this exciting market and become a major force in the sector.

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The Incumbent. Will be a Graduate Chartered Accountant with a minimum of six years PQE, preferably gained with an international or US Multinational business. Experience of main-frame and network p.c. systems and of US Reporting Standards and deadlines are important; previous sector experience is not. A robust man-management style will fit the corporate culture. Commercial leadership skills will be essential to assist in [illegible] the Group in the next few years.

The Prospects. Self fulfilling, linked to the growth of the business and the financial acumen displayed. Outstanding opportunities for a strong financial controller with a can-do attitude, whose delivery matches the Board's ambitions.

Interested applicants should send their resumé to:

- Adrian Wheale, WTH Executive Resourcing, 13 Berkeley Square, Clifton, Bristol, BS8 1HG quoting reference no. 4202/FT.

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Finance Director

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THE POSITION

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QUALIFICATIONS

- Qualified accountant with extensive, senior level large company experience. Aged 35-50.
- Emphasis on private sector/commercial experience but mix of private and public sector ideal. Must have funded large capital projects.
- Good City and financial sector contacts. Excellent negotiating skills. High achiever.

Please write, enclosing full cv, Ref LM2445
54 Jermyn Street, London, SW1Y 6LX

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Tony Normile at Inter-Selection, 16 Byward Street London EC3R 5BA.

Tel: 071 480 7220 (Agy).

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London 071 973 8484
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to: Selector Europe, Ref. F31460431, 16 Connaught Place, London W2 2ED

Management Accountant

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BNS

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The Agency will subsume the Derelict Land Grant and City Grant programmes now operated by the Department of the Environment with funding at £177m in 1993/94. It will also take over the present work of English Estates which this year has programmes totalling some £91m aimed at promoting the provision of industrial and commercial space, mainly in Assisted Areas.

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The appointment is for a fixed term of three years with the possibility of an extension on an annual basis. The post offers an attractive reward package with a basic salary of around £60,000 and the opportunity to earn up to an additional 15% in performance related pay.

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Applications should arrive no later than 9th July 1993. To apply, please contact the Personnel Department, English Churches Housing Group, Sutherland House, 70-78 West Hendon Broadway, London NW9 7BT. Telephone: 081 203 9233.

English Churches Housing Group is committed to achieving equal opportunities and welcomes applications from all sections of the community.

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Appointments would be for an initial period of about two years. At the end of the appointment there will be the possibility of transferring to Price Waterhouse London, or to another PW office in our worldwide network.

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You should send your detailed CV to: Bonne Paton, Head of Tax Recruitment, Price Waterhouse, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

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FINANCE DIRECTOR AND COMPANY SECRETAaY

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Please send 3 copies of your CV, together with a handwritten letter of application including details of 2 referees to:

John Cornell, GAP House, 44 Queen's Road, Reading RG1 4BB.

Closing date for applications is 30th June.

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Please reply in confidence to Richard Holland at the address below quoting reference 1717E. Please include a CV, full salary details and a daytime contact number. BDO Consulting, 20 Old Bailey, London EC4M 7BH. Tel: 071-489 6244.

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Applicants will need to be qualified accountants, aged 35-45, with at least seven years experience of line management within a manufacturing, processing or engineering environment. Experience of group accounting and of working within a group structure at subsidiary level, would be preferable. Candidates will need to be computer literate and possess good communication skills.

Interviews will be conducted in the North East and London. Applicants should apply in writing, enclosing a detailed CV and quoting reference number 6673 to:

Jonathan Wilkinson
Pannell Kerr Forster Associates
New Garden House
78 Hatton Garden, London EC1N 8JA

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Applicants will most likely be graduate chartered accountants who having qualified within a large firm environment have at least two years post qualification experience. Alternatively applicants may be experienced internal auditors who are young and ambitious enough to undertake this challenging role. Previous exposure to insurance broking is considered highly desirable.

This is an exciting and progressive opportunity requiring applicants to have well developed interpersonal skills and the ability to market themselves effectively throughout the group.

For further details please contact Adrian Simpson ACA, on 071-936 2601 or write to him at Barclay Simpson Associates, Hamilton House, 1 Temple Avenue, Victoria Embankment, London EC4Y 0HA.

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The role demands a flexible approach and imaginative problem solving skills supported by financial management experience gained in, preferably, both the private and public sectors.

Effective communication, leadership and planning skills are essential and your technical credibility will need to be based on a professional accountancy qualification.

For an informal discussion telephone Paul Blackham, Director of Social Services or Roy Brooks, Deputy Director on Northampton (0604) 236452.

For an application form and job description for the above Social Services post, ring Northampton (0604) 236459 (24 hour answerphone).

Selection Dates: 19th, 26th & 27th July 1993.

Closing date: 9th July 1993.

The County Council welcomes all applicants regardless of ethnic origin, sex, marital status or disability.

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Please write enclosing a full CV, recent photograph and salary expectations to:

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Closing Date 2nd July, 1993

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Application forms (returnable by 16 July 1993) and further particulars from the Personnel Office, University of Warwick, Coventry CV4 7AL (telephone 0203 523627) quoting Ref 47/2B/92/77 (please mark clearly on envelope).

AN EQUAL OPPORTUNITIES EMPLOYER

Buying flurry lifts gold price

By Kenneth Gooding, Mining Correspondent

GOLD'S PRICE jumped by $5.80 a troy ounce to close at $373.80 in London yesterday. The sudden change followed some days when the price had drifted gently downwards. But trading was dull and one dealer described yesterday's volatility as "a blip in a quiet market where professional moves are exaggerated".

New York professional investors started the flurry on Tuesday. Having failed to drive the gold price down below $366 an ounce, they changed tactics and had much more success pushing it the other way. The market was quiet overnight because of a holiday in Hong Kong but the London market reflected the New York activity. Gold touched $375.20 an ounce at one stage before falling back.

Trade in physical gold was slow. "Demand is falling away, particularly in the Far East and producers are doing no hedging," said Mr Andy Smith, analyst with Union Bank of Switzerland.

He pointed out that, since the gold price sprang to life in April imports of the precious metal to Dubai had dropped by about 25 per cent from the monthly average in the first quarter, those to Singapore were 30 per cent down and those to Taiwan were down 50 per cent. Only in Hong Kong, where jewellers were stocking up because China was easing its currency export regulations, had there been a rise in gold imports in April.

Divisions remain over tropical timber pact

By Frances Williams in Geneva

UNITED NATIONS-sponsored talks on a new tropical timber pact are due to end today with little progress on key issues, despite initial optimism. A third round of negotiations on a successor to the 1983 International Tropical Timber Agreement, which expires next March, is likely in two or three months' time.

Consuming and producing countries are still split over the scope of a new agreement. Consumers are resisting producer calls to include temperate and boreal timber in the pact. Producers complain that tropical timber is discriminated against in international trade because it has to satisfy stricter environmental criteria. Tropical timber has been losing market share to temperate timber in recent years, in part because of environmental concerns.

At the beginning of the week-long talks, consumers put forward a three-pronged compromise plan that would keep temperate timber out of the agreement but commit consumer nations to aim at sustainable forest management for traded temperate wood. The plan also included language in the new agreement to bar trade discrimination against tropical timber as such and more finance for projects of benefit to producer nations.

Producers then said they wanted consumer nations to take on environmental commitments "as clear and unambiguous" as those in the proposed tropical timber agreement. If consumers have their way, the new accord will require all traded tropical timber to come from sustainably managed forests by the year 2000, a target already set by the International Tropical Timber Organisation.

Although consumers have refined their proposals over the week, conference sources said yesterday that they remained unacceptable to producers.

US widens wheat trade attack

By Nancy Dunne in Washington

THE US Agriculture Department has succumbed to pressure from Capitol Hill and farm lobbyists to direct some of its export subsidies for wheat into Mexico, where Canadian wheat has made large inroads into the market.

An offer to Mexico for 1,400 tonnes of subsidised US wheat was included in an announcement of a 32m tonne multi-country package of subsidised offers for the 1993-94 marketing year. In the past, the US has used export subsidies almost exclusively to challenge the European Community.

The National Association of Wheat Growers praised the Clinton Administration for combating "blatantly unfair trading practices," which are alleged to include Canada's subsidised rail rates and prices subsidised by the Canadian Wheat Board.

Anglo set to challenge for top spot in copper league

Kenneth Gooding on the South African group's expansion plans, focused mainly on South America

ANGLO AMERICAN Corporation of South Africa, best known for its gold and diamond operations, is laying the groundwork for a huge copper business in South America that will place its subsidiary in the region among the world's leading producers.

The group also has the right of first refusal when Zambia privatises its copper business, Zambia Consolidated Copper Mines, scheduled to go ahead by 1998.

If all goes to plan, Anglo would jump from about fifth place among the world's leading copper producers possibly to challenge Codelco in Chile, which currently leads the field with annual output of more than 1m tonnes.

Anglo has been focusing attention primarily on its South American projects in presentations to analysts and institutions in South Africa and Europe. The group's interests in the region are held by Anglo American Corporation of South America (Amsa), a 50 per cent-owned mining, finance and industrial company that Mr Julian Ogilvie Thompson, Anglo's chairman, describes as "a mini-Anglo in South America". He says that the stock market floatation of Amsa is a possibility when its development projects are more advanced.

In Chile, Amsa's most important interest is a 75 per cent stake in Mantos Blancos, which is already producing about 78,000 tonnes of copper a year.

Mr Ogilvie Thompson says that Mantos Blancos is embarking on four projects in Chile and Peru which will cost US$442m:

● Some $85m will go to expand open pit copper output at Santa Barbara in Chile from 30,000 tonnes a year to between 35,000 and 40,000 tonnes. A feasibility study will be completed shortly. Another $56m may be spent on installing a modern solvent extraction-electro winning processing plant at Santa Barbara;

● A second feasibility study is close to completion for the Manto Verde copper project in Chile, which is expected to produce 37,000 tonnes of open pit copper a year and cost $150m;

● Mantos Blancos recently paid $12m for the Quellaveco copper deposit in southern Peru, in which about 24m tonnes of copper has been identified. There is to be a $2.5m, three-year feasibility study;

● Mantos Blancos and Anglo's subsidiary Minorco also recently bought between them one third of the Collahuasi copper project in Chile from Chevron for $190m. Mr Dave Deuchar, Anglo's chief metallurgist, says Collahuasi will become "one of the world's great copper mines". Production is likely to start in 1988 and reach about 300,000 tonnes a year.

The Royal Dutch/Shell group owns another third of Collahuasi but is at present considering an offer for most of its metals and mining assets from Gencor of South Africa. Mantos Blancos, Minorco and the other partner, Falconbridge of Canada, have pre-emptive rights to Collahuasi and Mr Deuchar says Mantos Blancos will certainly pre-empt "if the price is right".

In Brazil, Amsa's interests are held largely in association with the Bozano Simonsen group through Mineracao Morro Velho which has mines that last year produced about 12 tonnes of gold. Morro Velho recently won a tussle with RTZ Corporation of the UK for a stake in a world-class copper deposit at Salobo in the Carajas region of the Amazon, owned by Companhia Vale do Rio Doce, Brazil's biggest state-controlled mining group.

The project is expected to cost $750m. Morro Velho and CVRD hope to develop a mine producing 150.000 tonnes a year of copper and 8,000 tonnes of gold. A feasibility study should be completed in one year and it would take another three years for mining to begin.

The Salobo deposit was discovered in 1976. Since then CVRD has spent $120m on it. The company has already established that the ore body consists of at least 700m tonnes, containing 0.7 per cent copper and 0.5 grams of gold a tonne, with more ore to be discovered. Development has been held back because of its unusual ore. It has to be ground into a very fine powder because the copper is disseminated through it.

Mr Dave Deuchar, Anglo's chief metallurgist, says Collahuasi will become "one of the world's great copper mines".

Meanwhile, Mr Ogilvie Thompson says that Anglo has "first refusal rights" on the Zambian government's 60 per cent stake in ZCCM. "We are getting on well with the new management and would buy the government interest on the right terms and conditions," he adds. Anglo already owns 27.3 per cent of the Zambian copper producer. The rest of the shares are in public hands.

ZCCM has also been talking to analysts in London and says it needs $2bn over the next 15 years to keep production from falling any further. Mr Larry Hanschar, ZCCM's consultant metallurgist, says, however, that a big chunk is needed almost immediately.

He says ZCCM is ready to go ahead with financing for the $500m Konkola deep mine project where it has an estimated 344m tonnes of ore containing a juicy 3.8 per cent copper. ZCCM hopes to produce about 150,000 tonnes of copper in concentrate for about 50 years from Konkola.

In its last financial year, to March, the company produced 432,000 tonnes of copper and 4,706 tonnes of cobalt. To put that in perspective, in the heady days of 1969, ZCCM produced 689,254 tonnes of copper.

Mr Hanschar says that although ZCCM's mines could yield another 4.2m tonnes of copper over the next ten years, if there is no further investment, ZCCM's reserves will virtually run out by then. That is why the Zambian government wants to privatise the company.

Acknowledging that there has been some heated debate about this, he adds: "But the debate is not about whether ZCCM should be privatised, it is simply about the timing of privatisation".

Copper mining provides about 95 per cent of Zambia's foreign exchange earnings and contributes at least 15 per cent of the country's gross domestic product, so some people in both the government and the company would prefer to see ZCCM privatised sooner rather than later.

Analysts reckon that one big drawback to smooth privatisation is the number of people ZCCM employs: 52,000. That equates to production last year of 8.3 tonnes per employee compared with RTZ's 118 tonnes a head at its Bingham Canyon copper mine in the US.

But Mr Hanschar insists that, once cobalt revenue is taken into account, ZCCM's cash costs are about 60 US cents a lb and that all-in costs are below 70 cents.

Mr Hanschar also suggests that ZCCM does not need to wait for privatisation before pressing on with its life-saving Konkola project. The company is looking for funding from the World Bank, the African Development Bank, the European Investment Bank and other aid agencies and expects to get a favourable response even though it is already in debt to the tune of $700m.

Banana sales crisis forces Ecuador to reduce producer prices by 9%

By Raymond Colitt in Quito

IN RESPONSE to a growing sales crisis and international price slump, Ecuador, the world's largest banana exporter, has cut the price of its bananas. The government-regulated price that exporters pay producers is down by 40 US cents a box, or nearly 9 per cent, from last month.

Sales in the first four months of this year were down 31 per cent from the same period last year. About 17 per cent of the fall was caused by diminished sales volume (649,000 tonnes this year), while a decrease in price accounted for the rest.

With prices having been driven lower by oversupply on the world market, and with the European Community import restrictions likely to cut sales further, Ecuador's price cut is an attempt to boost its competitiveness.

Announcing the price cut, Mr Mariano Gonzalez, the minister of agriculture, said it was "intended to aid our exporters and signal to consumers that we are serious about remaining competitive". He added: "We hope the measure will mitigate our sales crisis somewhat in the second half of the year".

The productivity of Ecuador's banana plantations compares unfavourably with that of its competitors. While growers Honduras produce 2,800 boxes a hectare and those in Costa Rica 3,000 boxes, Ecuador's manage to average only 1,400 boxes a hectare. But lower overall costs have so far enabled Ecuadorian bananas to be more competitive internationally.

The Union of Banana Growers and Exporters, an organisation representing producers from Central America and Columbia, blames Ecuador, which has increased its planted area by at least 30 per cent since 1991, for the current oversupply.

The EC restrictions are certain to reduce Ecuador's sales volume further and analysts estimate that the country faces a potential loss of $70m.

Mr Jose Riofrio, head of promotion and marketing for bananas in the ministry of agriculture, says that at least 20,000 hectares of banana plantations will have to be destroyed or phased out to compensate for the sales loss resulting from EC import restrictions. He adds, however, that only the least productive fields will be eliminated. Mr Riofrio does not expect the price of bananas to fall much further. "The price in European markets is stabilising," he says, "while floods on plantation and strikes by industry workers in Central America and Columbia are curbing supply in the short-term."

Ecuador will not face the full force of the crisis until late this year when the country's banana harvest reaches its peak and new crop supplies will flood the market.

Meanwhile, street vendors in Quito and Guayaquil, Ecuador's largest cities, have begun to sell export quality bananas, usually earmarked for the US or Europe, at bargain prices.

Norwegian methanol plan to go ahead

By Karen Fossli in Oslo

STATOIL, THE Norwegian state oil company, announced yesterday that it would proceed with plans to build a NKr3bn (£285m) methanol plant, despite a NKr600m cost escalation.

In April, Statoil warned that the costs, originally put at NKr2.4bn, threatened to rise by several hundred million kroner, prompting a comprehensive review of the plan. Statoil 82 per cent of the project and partners Conoco Norway and parent company du Pont du Nemours 18 per cent.

The plant is to be supplied, from the fourth quarter of 1996, with 650m cu m of gas annually from the Heidrun oil and gas field. It will produce 830,000 tonnes of methanol a year.

"The decision to continue the methanol project has been based on an overall assessment of both solutions for Heidrun gas [reinjection of the gas into the field's reservoir or supplying it to the methanol plant]," Statoil said.

Quotas on CIS 'could hit aluminium prices'

By Kenneth Gooding

ALUMINIUM PRICES could go down if the European Commission imposes quotas on imports to Europe from the Commonwealth of Independent States, according to Intercomalum, the organisation recently set up to promote and defend the CIS aluminium industry.

CIS producers would be forced to look for new markets and might have to offer additional discounts to tempt new customers. This would have a knock-on impact on world-wide aluminium prices, Intercomalum suggests.

This is one of the points the organisation will make in written presentations to the commission, scheduled to be delivered on Tuesday.

The commission is being urged by European producers to impose draconian quotas on the former Soviet Union's aluminium imports and is inquiring into their complaints under rules that allow measures to "safeguard" European Community industries. Its decision is expected very soon.

Details of the CIS industry's strenuous plea against quotas were finalised at an Intercomalum meeting in St Petersburg this week.

Intercomalum will also point out that any drop in the CIS's income would make it even more difficult for the aluminium industry to carry out environmentally-necessary work at its smelters. There would, moreover, be less money for downstream joint ventures with western groups for such things as aluminium can production plants, which would absorb more CIS metal domestically.

Mr Elliott Spitz, a vice chairman of Intercomalum and also a director of the New York-based AIOC Corporation, said that Intercomalum would shortly set up an office in London. He said the UK capital was chosen to emphasise that the office would provide "a conduit for investment in the CIS by way of joint ventures" and not just for political lobbying.

WORLD COMMODITIES PRICES

MARKET REPORT

NICKEL crashed to seven-month lows on the LME as speculative liquidation and investment fund sales were triggered below $5,540 a tonne for three-month metal. Expectations that stocks will rise again soon also weighed on the market. Three-month metal closed at $5,420 a tonne, down $162.50. Three-month ALUMINIUM broke higher, extending a technical move above $1,200 a tonne, and ending near new 3½-month highs. Dealers said the market continued to benefit from a constructive chart picture, but the rise was in danger of becoming top-heavy, and resistance was likely around current levels. On the fundamental side no fresh factors emerged, although there was persistent talk of some approaching development, such as a smelter closure. COPPER trading was largely routine, with the market settled comfortably into a range and paying little heed to talk of sizeable stock movements. The current TIN downtrend shows little sign of abating. Three-month metal fell to a new 20-year low of $5,005 a tonne, and the $5,000 level now looks vulnerable. London COCOA suffered a moderate downward correction following the recent climb to a three-month peak.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Jul)		+ or -
Dubai	$15.31-5.38z	+0.040
Brent Blend (dated)	$17.22-7.25	+0.050
Brent Blend (Aug)	$17.56-7.58	+0.050
W.T.I (1 pm est)	$18.69-8.81z	+0.015
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$200-202	
Gas Oil	$164-165	+1.0
Heavy Fuel Oil	$59-61	+1.0
Naphtha	$172-173	+0.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♦	$373.80	+5.80
Silver (per troy oz)♦	438.5c	+9.0
Platinum (per troy oz)	$380.00	+7.85
Palladium (per troy oz)	$128.18	+2.25
Copper (US Producer)	89.0	
Lead (US Producer)	34.85c	
Tin (Kuala Lumpur market)	12.90r	-0.17
Tin (New York)	233.5c	-4.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	144.29p	-0.16*
Sheep (live weight)†♦	118.79p	+5.14*
Pigs (live weight)†	88.56p	+0.08*
London daily sugar (raw)	$286.5	+4.0
London daily sugar (white)	$275.0	-1.0
Tate and Lyle export price	£263.0	+3.0
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£166.5t	
Wheat (US Dark Northern)	£144.0t	
Rubber (Jul)♥	58.75p	+0.25
Rubber (Aug)♥	59.00p	+0.25
Rubber (KL RSS No 1 Jul)	208.5m	
Coconut oil (Philippines)§	$437.5v	+2.5
Palm Oil (Malaysian)§	$347.5y	-2.5
Copra (Philippines)§	$278.0	
Soyabeans (US)	£183.0u	+1.0
Cotton "A" Index	57.20c	-0.7
Wooltops (64s Super)	382p	+14

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jul/Sep. z-Aug. v-Jul/Aug u-Jul t-Jun ¶ London physical. §CIF Rotterdam. ♦ Bullion market close. m-Malaysian cents/kg. #Sheep prices are now live weight prices * change from a week ago, provisional prices.

COCOA - London FOX £/tonne	Close	Previous	High/Low	
Jul	726	743	735	724
Sep	728	736	731	723
Dec	724	734	731	723
Mar	735	743	741	734
May	747	756	753	747
Jul	759	769	764	762
Sep	771	780	777	771
Dec	792	803	791	790
Mar	814	821	824	813

Turnover: 10347 (10722) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jun 23 731.40 (732.23) 10 day average for Jun 24 700.57 (700.61)

COFFEE - London FOX $/tonne	Close	Previous	High/Low	
Jul	906	906	915	906
Sep	929	926	939	925
Nov	931	932	940	928
Jan	931	930	937	928
Mar	935	935	936	935
May	937	945	940	

Turnover: 2406 (1620) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jun 23 Comp. daily 55.53 (55.33) 15 day average 54.43 (54.38)

POTATOES - London FOX £/tonne	Close	Previous	High/Low	
Apr	85.5	84.0	85.5	84.5
May	93.5	91.3	93.5	90.0

Turnover 55 (104) lots of 20 tonnes.

SOYABEAL - London FOX £/tonne	Close	Previous	High/Low
Oct	158.30	154.50	
Dec	158.00	158.50	

Turnover - (-) lots of 20 tonnes.

FREIGHT - London FOX $10/index point	Close	Previous	High/Low	
Jun	1493	1496	1495	1490
Jul	1335	1356	1350	1335
Oct	1404	1415	1410	1404
Jan	1440		1431	1429
BFI	1509	1511	1508	

Turnover 162 (67)

GRAINS - London FOX £/tonne				
Wheat	Close	Previous	High/Low	
Nov	108.65	108.75	108.65	108.50
Jan	111.85	111.75	111.85	111.30
Mar	113.65	113.90	113.75	113.40
May	115.75	115.85	115.70	115.60
Barley	Close	Previous	High/Low	
Sep	105.35		105.30	105.25
Nov	108.10	108.00	108.10	108.00
Jan	110.60		110.30	110.30
Mar	112.55		112.50	112.60
May	113.85		113.75	113.75

Turnover: Wheat 278 (93), Barley 58 (29).
Turnover lots of 100 Tonnes.

PIGS - London FOX (Cash Settlement) p/kg	Close	Previous	High/Low
Jul	106.5	106.3	106.5
Mar	105.1		105.5

Turnover:12 (9)lots of 3,250 kg

CRUDE OIL - IPE $/barrel	Latest	Previous	High/Low	
Aug	17.66	17.45	17.73	17.53
Sep	17.80	17.69	17.84	17.75
Oct	17.96	17.86	17.98	17.85
Nov	18.23	18.11	18.26	18.13
Dec	18.35	18.27	18.41	18.31
Jan	18.35	18.35	18.43	18.35
Feb	18.43		18.43	18.43
IPE Index	17.45	17.45	17.45	

Turnover 25000 (26318)

GAS OIL - IPE $/tonne	Close	Previous	High/Low	
Jul	163.25	162.25	164.75	163.00
Aug	165.25	164.25	166.50	164.75
Sep	167.25	166.00	168.50	167.25
Oct	170.75	169.50	171.25	170.00
Nov	172.75	172.00	173.50	172.75
Dec	175.25	174.25	176.25	175.25
Jan	176.75	175.50	176.75	176.00

Turnover 11943 (11720) lots of 100 tonnes

SUGAR - London FOX (£ per tonne)				
White	Close	Previous	High/Low	
Aug	276.50	278.60	279.00	276.00
Oct	268.50	271.20	271.00	268.50
Dec	265.50	270.00	269.50	
Mar	272.00	273.50	274.00	272.00

White 901 (563) Paris- White (FFr per tonne): Aug 1501.24 Oct 1557.43

FRUIT & VEGETABLES

Peaches are this week's best fruit buy at 15-25p each (20-35p), reports the FFTV. English strawberries at 80p-£1.20p a lb (60p-£1.20), cherries at £1.00-1.20 a lb (£1.00-1.20), and Spanish plums at 60-90p a lb (75-80p) are also worth looking for. English cauliflower at 40-60p each (45-60p). Spring greens at 25-30p a lb (40-45p) and potatoes at 12-20p a lb (15-22p) are all good vegetable buys. Homegrown celery at 45-60p a head (55-70p), tomatoes at 45-60p a lb (45-60p), cucumber at 50-60p each (50-70p) and Spring onions at 30-40p a bunch (40-45p) round off this week's best buys.

LONDON METAL EXCHANGE	Close	Previous	High/Low	AM Official	Kerb close	Open interest
(Prices supplied by Amalgamated Metal Trading)						
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 45,538 lots
Cash	1192-3	1169-71		1185-6		
3 months	1215-6	1193-4	1219.5/1207	1208.5-9.0	1219.5-20	202,948 lots
Copper, Grade A (£ per tonne)						Total daily turnover 41,498 lots
Cash	1263.5-4.5	1266.5-7.5	1275	1274.5-5.5		
3 months	1288-8.5	1281-2	1296/1284.5	1288-8.5	1291-2	225,546 lots
Lead (£ per tonne)						Total daily turnover 2,780 lots
Cash	262-3	267-7.5		259.5-60.0		
3 months	272-4	276.5-7.0	276/270	268.5-8.0	272.5-3.0	20,637 lots
Nickel ($ per tonne)						Total daily turnover 7,644 lots
Cash	5355-60	5515-20	5345	5340-5		
3 months	5415-25	5580-5	5580/5400	5410-5	5405-10	50,059 lots
Tin ($ per tonne)						Total daily turnover 1,584 lots
Cash	4955-65	5015-20		4975-85		
3 months	5010-15	5070-5	5070/5005	5030-5	5010-20	9,930 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 8,309 lots
Cash	929-30	918-20		821-2		
3 months	947-8	936-6	949/939	939-40	947-8	70,287 lots

LME Closing £/$ rate:
SPOT: 1.4690 3 months: 1.4599 5 months: 1.4530 9 months: 1.4470

LONDON BULLION MARKET (Prices supplied by N M Rothschild)		
Gold (troy oz)	$ price	£ equivalent
Close	373.60-374.00	
Opening	373.00-373.40	
Morning fix	374.10	254.715
Afternoon fix	373.90	254.614
Day's high	·374.60-374.90	
Day's low	373.80-373.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.48	6 months	2.54
2 months	2.48	12 months	2.59
3 months	2.47		

Silver fix	p/troy oz	US cts equiv
Spot	301.65	443.00
3 months	305.75	446.15
5 months	310.05	450.00
12 months	318.90	450.10

GOLD COINS	$ price	£ equivalent
Krugerrand	373.00-376.00	253.00-256.00
Maple leaf	384.60-388.85	
New Sovereign	87.00-90.00	58.00-62.00

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Aug	Oct	Aug	Oct
1175	51	75	10	24
1200	36	60	25	34
1225	24	47	38	45
Copper (Grade A)	Calls		Puts	
1800	105	131	24	46
1850	73	102	42	68
1900	43	77	97	91
Coffee	Sep	Nov	Sep	Nov
850	80	101	11	20
900	58	73	27	42
950	31	48	52	67
Cocoa	Sep	Dec	Sep	Dec
700	41	58	15	32
725	27	43	28	44
750	10	34	42	60
Brent Crude	Aug	Dec	Aug	Dec
1803	7	-	41	-
1850	1	47	84	-
1900	1	28	-	-

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Jun	375.1	674.5	375.3	373.4
Jul	375.3	374.7	0	0
Aug	376.1	375.5	376.7	374.1
Oct	377.9	377.3	378.5	376.0
Dec	379.6	378.9	380.0	377.8
Feb	381.2	380.5	381.3	379.7
Apr	382.6	382.1	383.3	381.3
Jun	384.5	383.7	0	0
Aug	386.3	385.5	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Jul	382.5	380.7	384.0	380.5
Oct	382.9	380.2	383.5	381.0
Jan	383.2	380.2	381.5	381.5
Apr	383.7	380.7	384.0	382.9

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Jan	436.9	439.2	0	0
Jul	439.2	438.5	442.0	435.5
Aug	440.8	441.1	0	0
Sep	442.5	442.7	445.5	438.0
Dec	447.3	447.5	450.5	443.5
Jan	447.9	448.1	0	0
Mar	451.9	452.1	455.0	450.0
May	455.4	455.6	0	0
Jul	456.0	458.8	459.0	456.0
Sep	462.3	462.3	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Jun	83.90	83.65	84.10	83.90
Jul	84.00	83.75	84.20	83.30
Aug	84.25	84.05	0	0
Sep	84.55	84.35	84.80	83.95
Oct	84.70	84.50	0	0
Nov	84.90	84.70	0	0
Dec	85.10	84.90	85.20	84.50
Jan	85.25	85.00	85.40	85.30
Feb	85.45	85.20	0	0
Mar	85.70	85.45	85.90	85.90

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Aug	18.92	18.86	19.15	18.83
Sep	19.21	19.17	18.41	18.10
Oct	19.41	19.36	19.57	19.35
Nov	19.54	19.52	19.69	19.45
Dec	19.63	19.63	19.76	19.60
Jan	18.72	18.71	19.88	19.72
Feb	19.83	19.76	19.83	19.83
Mar	19.83	19.80	19.91	19.83
Apr	19.83	19.83	0	0
May	19.80	19.86	0	0

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Jul	52.15	52.07	52.70	51.90
Aug	52.80	52.77	53.45	52.55
Sep	53.65	53.79	54.35	53.65
Oct	54.80	54.89	55.50	54.80
Nov	56.00	55.99	56.55	55.95
Dec	57.05	56.98	57.55	56.95
Jan	57.65	57.59	58.15	57.60
Feb	57.65	57.46	57.95	57.65
Mar	56.55	56.39	56.90	56.55
Apr	55.70	55.19	55.70	55.50

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Jul	903	910	903	887
Sep	923	931	924	910
Dec	946	957	947	938
Mar	970	983	972	965
May	992	1005	992	985
Jul	1014	1027	0	0
Sep	1038	1051	1035	1025
Dec	1058	1082	1054	1051
Mar	1083	1157	1090	1085
May	1108	1132	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Jul	61.50	62.30	62.65	60.90
Sep	63.10	63.85	64.20	62.60
Dec	65.60	66.35	66.65	65.10
Mar	67.65	68.65	0	0
May	69.30	70.40	0	0
Jul	70.80	72.35	72.00	71.60
Sep	72.50	73.80	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	10.05	9.99	10.10	9.92
Oct	10.34	10.34	10.42	10.25
Mar	10.18	10.21	10.33	10.10
May	10.17	10.19	10.28	10.10
Jul	10.10	10.14	10.20	10.10
Oct	9.98	10.03	0	0

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Jul	54.57	56.77	56.10	54.45
Oct	56.88	57.31	57.50	56.70
Dec	56.68	57.00	57.10	56.51
Mar	57.75	58.05	58.15	57.65
May	58.47	58.69	58.50	58.20
Jul	59.05	59.18	59.10	56.95
Oct	59.85	59.63	0	0
Dec	59.95	60.03	60.00	59.95

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	119.00	117.40	120.00	117.75
Sep	122.60	120.50	123.75	120.80
Nov	125.15	123.25	125.50	123.50
Jun	126.85	125.00	127.50	125.00
Mar	127.85	126.25	128.00	127.25
May	128.95	127.75	128.50	128.45
Jul	128.95	127.75	0	0
Sep	128.95	127.75	0	0
Nov	128.95	127.75	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)			
Jun.24	Jun.23	mnth ago	yr ago
1672.4	1671.3	1674.8	1571.3

DOW JONES (Base: Dec. 31 1974 = 100)				
	Jun.23	Jun.22	mnth ago	yr ago
Spot	120.44	120.28	121.46	119.83
Futures	120.44	120.06	121.72	118.67

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Jul	625/6	624/6	627/2	622/0
Aug	627/6	627/6	629/4	623/4
Sep	629/2	629/6	630/4	625/0
Nov	630/0	631/2	633/0	625/4
Jan	635/2	636/0	637/0	630/4
Mar	639/4	640/2	640/4	635/0
May	641/4	642/6	642/4	637/4
Jul	642/2	644/2	644/0	640/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	22.29	22.13	22.35	22.04
Aug	22.43	22.25	22.50	22.19
Sep	22.59	22.43	22.63	22.32
Oct	22.73	22.59	22.74	22.50
Dec	22.97	22.78	23.04	22.70
Jan	23.09	22.90	23.10	22.90
Mar	23.22	23.05	23.25	23.05
May	23.32	23.25	23.35	23.15

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Jul	196.9	197.8	198.0	198.5
Aug	196.9	197.6	198.0	196.6
Sep	197.1	197.6	198.4	198.5
Oct	197.3	198.2	198.2	196.8
Dec	196.9	199.6	200.2	198.0
Jan	196.9	199.8	200.0	198.5
Mar	199.3	200.1	201.0	199.0
May	200.3	201.2	200.5	199.7

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Jul	220/0	219/6	220/4	218/2
Sep	226/2	225/6	226/4	224/2
Dec	234/2	233/6	235/0	232/2
Mar	241/4	241/2	242/0	239/6
May	246/4	246/4	246/6	245/2
Jul	250/0	250/2	250/6	249/0
Sep	246/4	246/0	246/4	245/4
Dec	246/0	246/2	246/0	245/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Jul	287/0	289/0	290/4	286/0
Sep	293/6	295/2	296/0	292/4
Dec	305/2	305/2	307/0	303/6
Mar	311/0	311/2	312/2	309/6
May	310/6	311/0	312/0	310/0
Jul	309/0	311/0	811/0	308/4

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Aug	73.700	73.875	74.150	73.500
Oct	74.275	74.150	74.500	74.050
Dec	74.875	74.575	75.025	74.600
Feb	74.725	74.425	74.900	74.450
Apr	75.875	75.475	75.900	75.450
Jun	72.750	72.450	72.850	72.730
Aug	72.160	0	72.250	71.900

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Jul	49.025	48.875	49.250	48.750
Aug	46.425	46.175	46.700	45.950
Oct	40.650	40.425	40.750	40.400
Dec	40.650	40.475	40.800	40.500
Feb	40.925	40.850	41.050	40.850
Apr	40.175	40.150	40.300	40.175
Jun	45.850	45.800	45.950	45.800
Jul	45.300	45.700	45.650	45.300

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	34.975	34.825	35.175	34.050
Aug	34.025	34.150	34.500	33.325
Feb	39.850	39.900	40.000	39.625
Mar	39.275	39.325	39.400	39.275
May	40.500	40.500	0	0
Jul	40.400	40.400	0	0

Profit-taking trims recent share gains

By Terry Byland,
UK Stock Market Editor

CURRENCY uncertainties cast a shadow over the UK stock market yesterday, leaving the FT-SE 100 Index to drift below the 2,900 mark in modest profit-taking. The improvement in the US dollar brought little response from the blue chip internationals, while domestic consumer issues were left confused by the withdrawal of the German finance minister from the planned Franco-German financial discussions.

UK equities opened lower as a good start in stock index futures failed to counterbalance overnight weaknsss in New York. The loss of the Footsie 2,900 mark was not unexpected in the market since several leading securities firms were known to be ready to take profits above that level.

Selling pressure was not heavy, but with the September future contract on the Footsie at a smaller premium than earlier this week, the underlying Footsie-listed stocks weakened and the market was soon down by 12.8 points. Traders reported little sign of buying at the lower levels, suggesting that investors might have been restrained yesterday by the resignation of a UK government member.

Equities steadied but turned indecisive again while dealers watched the screens for further details of the apparent row in Germany ahead of the Franco-German financial talks. Hopes that the French delegation would press for co-ordinated interest rate cuts were dashed when the Germans pulled out of today's meeting in Paris.

London rallied towards the close when Wall Street made a braver start to the new session, gaining 9.13 Dow points in UK trading hours. The final reading showed the FT-SE 100 at 2,894.7 for a decline on the day of 6 points.

Seaq volume fell to 517.2m sharss from Wednesday's 603.3m, with non-Footsie business making up about 59 per cent of the total – an average proportion for recent sessions. On Wednesday, retail business was worth £1.33bn, maintaining the healthy daily averages of the past nine months.

Traders were not unduly dismayed to see the 2,900 level lost in a market still keenly awaiting convincing svidence from the corporate sector that the economic recession is lifting. Profits statements yesterday from Lonrho, the international trading group, and from TSB, the UK bank, did nothing to change perceptions of the outlook for equities.

At Kleinwort Benson Securities, Mr Trevor Laugharne commented that the stock market looked unlikely to hold above 2,900, but said the firm was lifting its forecast for the short term trading range to 2,800 to 3,000. "We are somewhat more optimistic about the market than we have been in recent weeks," he added.

The heavyweight end of the market was again held down by US selling of the pharmaceutical stocks, although losses were fairly modest yesterday.

Shares in ICI weakened as market analysts turned their attention to a group now firmly focused on chemicals following the successful demerger of the bio science and pharmaceuticals interests into Zeneca; a few pence were shed by Zeneca but the market remained well pleased with the outcome of the demerger rights issue.

Uncertainty over the outlook for Wall Street also lay heavily across the leading oil shares and prompted some profit-taking in Reuters, the electronic global financial news network.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ASDA Group†	9,300	75½	+½	De La Rue†	160	877	-2	MB Caradon†	571	284	-3	Siebe†	884	488	+8
Abbey National†	1,300	412	+4	Dixons	1,000	218	-1	MEPC	370	386	-6	Slough Ests.	876	201	-5
Albert Fisher	2,600	65	+2	Eastern Elect.	192	457		MFI	705	133½	-½	Smith (W.H.) A	305	436	-2
Allied-Lyons†	1,000	539½	-½	East Midland Elect.	704	444	+6	Maxwell	420	506	+8	Smith & Nephew†	1,200	143	-1
Anglian Water†	200	453		Eng China Clays	1,800	443	-13	Marks & Spencer†	3,800	349½	+2½	SmKl Beecham†	1,300	489	-5
Argos	188	323	-3	Enterprise Oil†	1,800	480		Midlands Elect.	638	466	+6	SmKl Beecham Uts†	234	379	-5
Argyll Group†	3,000	333½	+½	Eurotunnel Units	23	422	+2	Morrison (Wm.)	239	154	+1	Smiths Inds.	122	357	+2
Arjo Wiggins†	1,800	184	-6	FKI	2,000	143	+1	NFC†	1,200	243		Southern Elect.	326	447	+8
Ass. Brit. Foods†	180	486	-3	Fisons	1,700	182		NatWest Bank†	1,900	480	+2	South Wales Elect.	462	806	-2
Ass. Brit. Ports	1,200	416	+2	Foreign & Col. I.T.	1,600	230½	+½	National Power†	868	363	-1	South West Water	216	481	+2
BAA†	258	719	-3	Forte†	6,900	223	-5	Next	852	166½	-1	South West. Elect.	868	482	+4
BAT Inds.†	1,800	428	-3	Gen. Accident†	1,400	595	+10	North West Water†	804	473	+2	Southern Water	40	482	+4
[illegible]				[illegible]				[illegible]				[illegible]			
Burmah Castrol†	414	710	+7	Kwik Save	655	739	+11	Royal Insurance†	2,800	293	
Burton	1,000	86	+½	Ladbroke†	2,400	174	-4	Saatchi	234	178	
Cable & Wire.†	1,100	788	-3	Land Securities†	1,700	586	-5	Sainsbury†	1,800	489	+7
Cadbury Schweppes†	1,500	480	-4	Laporte	380	818	-15	Scottish & New.†	331	469	-8
Calor Group	149	238	-2	Legal & General†	201	472		Scot. Hydro-Elect.†	341	341	-1
Carlton Comms.†	501	788	-4	Lloyds Abbey	749	440	-5	Scottish Power†	1,100	319½	-2
Coats Viyella†	5,400	243	-3	Lloyds Bank†	2,800	587	-3	Sears†	1,200	99½	
Comm. Union†	685	600	-8	LASMO	2,000	157	+½	Sedgwick	2,300	187½	-½
Cookson	1,300	217		London Elect.	615	447	-6	Seaboard	167	505	+6
Courtaulds†	723	565	+13	Lonrho	8,200	121	+7½	Severn Trent Water†	1,000	482	
Dalgety	70	470	-1	Lucas	1,000	138½		Shell Transport†	3,500	630	-2

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2894.7 -6.0	3216.7 +0.2	1428.44 -2.05

	Jun 24	Day's change %	Jun 23	Jun 22	Jun 21	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd
FT-SE 100	2894.7	-0.2	2900.7	2907.6	2903.4	2557.3	5.63	3.95	21.36	49.94
FT-SE Mid 250	3216.7		3215.5	3217.9	3218.5	2998.0	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A 350	1442.6	-0.2	1444.9	1447.8	1446.3	1250.1	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE SmallCap	1648.81	+0.1	1644.40	1640.89	1638.46		[illegible]	[illegible]	[illegible]	[illegible]
FT-SE SmallCap ex Inv Trusts	1650.23		1650.17	1648.50	1646.57		[illegible]	[illegible]	[illegible]	[illegible]
FT-A ALL-SHARE	1428.44	-0.1	1430.49	1433.01	1431.49	1234.78	5.78	3.88	21.66	23.72
[illegible]										

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2898.6	2893.5	2896.2	2895.9	2895.3	2893.0	2892.0	2890.5	2894.4	2897.7	2887.9
FT-SE Mid 250	3212.0	3214.5	3214.5	3214.8	3214.8	3213.9	3213.7	3213.4	3214.8	3216.7	3211.3
FT-SE-A 350	1439.8	1442.0	1443.1	1443.0	1442.7	1441.6	1441.4	1440.7	1442.4	1443.7	1439.5

Time of FT-SE 100 High: 10.06am Low: 08.20am

FT-SE Actuaries 350 Industry Baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Construction	1835.5	1838.8	1838.5	1838.2	1838.8	1838.9	1838.9	1839.9	1837.6	1837.6	1835.3	+2.3
Health&H	1014.0	1014.2	1015.0	1013.7	1014.7	1013.6	1013.8	1011.8	1012.0	1019.9	1019.1	-8.2
Water	1333.2	1342.1	1342.7	1342.7	1340.7	1339.7	1339.7	1339.6	1339.6	1339.6	1332.3	+7.3
Banks	1763.8	1768.6	1772.6	1770.6	1770.6	1770.2	1770.2	1769.6	1771.8	1771.0	1771.4	-0.4

Additional Information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address. [illegible]

Account Dealing Dates

First Dealings:	Jun 7	Jun 21	Jul 5
Option Declarations:	Jun 17	Jul 1	Jul 15
Last Dealings:	Jun 18	Jul 2	Jul 16
Account Day:	Jun 28	Jul 12	Jul 26

*New time dealings may take place from 8.00am two business days earlier.

ICI down in heavy trading

A SERIES of sell recommendations from leading UK and US broking houses, accompanied by profits downgrades, prompted another drop in ICI shares, which ended 18 lower at 663p, after 655p. Turnover was 10m shares, the biggest single day's business since the end of February.

The stock has come under consistent selling pressure since the middle of this month, retreating from just over the 700p mark. That was the highest point since the all-time peak of 806p reached just before the great crash of October 1987.

ICI shares were very popular among big US institutions following the Zeneca demerger, advancing from 636p when the demerger became official and peaking at 706p.

Rumours of profits downgrades in ICI have been circulating since the middle of the month when there was talk that estimates were being lowered to £200m to £230m from previous levels of around £300m. These rumours have now become factual.

A number of brokers are said to have been in contact with ICI recently and to have adjusted their forecasts. In the US, PaineWebber reduced 1993 earnings per share estimates from $1.50 to $1.40. In the UK, Kleinwort Benson Securities added ICI to its "sell" list, describing the stock as "too expensive" and saying estimates are too high.

NatWest Securities issued a "sell" note yesterday, adopting the view that "signs from the chemicals industry are now pointing to cyclical recovery being delayed. Although we believe ICI could generate earnings per share of 80p by 1997, this does not make the long term price/earnings ratio exciting, nor does it suggest much more for dividend growth".

Lonrho wanted

Turnover in international trading group Lonhro jumped to 8.2m as the shares moved ahead 7½ to 121p after the reported interim figures which were at the top end of market expectations.

Dealers were particularly relieved that the dividend had been maintained, while the optimistic accompanying statement also boosted sentiment.

Analysts, however, remain cautious about the group's future on fundamentals and one said: "A rights issue cannot be ruled out in the near future if the company's recovery is to continue."

In aerospace and engineering, British Aerospace gave up 9 to 399p amid funding fears for its deal with Taiwan Aerospace. TI Group rose 5 to 340p after saying it was in talks with Snecma, of France, over a merger of its Dowty subsidiary with Messier-Bugatti, Snecma's landing gear business.

One market watcher said: "This is the right thing to do and TI has realised Dowty cannot stand alone in this business."

Tour firms hit

The impending inquiry by the Office of Fair Trading into the links between the three largest UK tour operators and the country's biggest travel agents sent tour company shares on a downward journey.

The move, which was announced after the market closed on Wednesday, led to a fall of 15 for Airtours, leaving them at 324p. Owners Abroad fell back 4 to 97p with 1.2m shares traded.

Analysts greeted the OFT's investigation with a mixture of dismay and puzzlement. "In a sector in which there is already a lot of uncertainty, this will lead to short-term dullness," said one, who recognised that "the OFT is not at all happy about the industry".

Another wondered what punch the OFT could actually pack and suggested that the practice under scrutiny – vertical integration – was the natural way forward for the travel business. "I am not convinced that consumer choice is under threat at the moment," he said.

Airtours last night was rumoured to be interested in acquiring another package holiday company – the Cardiff-based Aspro.

Close Brothers, the merchant bank, eased 2 more to 342p after it was revealed that Refuge Group, the life assurance company, had sold a block of 800,000, or 1.82 per cent of Close's issued capital, reducing its holding to 2.46m shares, or 5.6 per cent. The shares were sold sold on Wednesday when an agency cross was transacted in the market at 331p, well below the then ruling price.

TSB dipped 3¼ to 194p on hefty turnover of 9.4m shares, the biggest since the end of April, following marginal disappointment with the preliminary results. The bumper profits - well in excess of the most optimistic forecasts – from Smith New Court, the highly-rated UK securities house, triggered a 35 jump in Smith shares to a record 285p. The market took Smith's £41.2m rights issue at 210p a share in its stride.

Farnell Electronics jumped 13¼ to an all-time high of 417¼p after the chairman told the company's annual meeting that sales in the company's first quarter, from February 1, were up 10 per cent and that since then were up around 15 per cent. Electronics analysts said they were confident the news would trigger earnings upgrades of 10 per cent in the near term.

The drug stocks continued on their downward path, still affected by the current round of profits downgrades, which began last week with US analysts chopping their earnings estimates.

Glaxo dipped 6 more to 573p on turnover of 3.2m with London analysts following their US brethren in lowering their earnings projections.

Courtaulds was one of the few stocks in the chemicals sector to make progress, with a number of institutions said to be switching out of ICI and into the former. Courtaulds shares jumped 13 to 565p, albeit on unspectacular turnover of 628,000 shares.

The sparring between Boots and Kingfisher saw the former winning points after Strauss Turnbull recommended switching to it from Kingfisher. Boots jumped ahead 7½ to 44½p with 1.5m traded while Kingfisher fell 9 to 604p.

Further recognition for good results pushed up Courts, the furnishing group, 15 to 628p.

Optimism over John Menzies' results - due on July 12 - moved up the share price 6 to 497p.

Profit taking was said to be behind a fall of 5 by Forte to 223p in buoyant volume of 6.9m. "It comes after a very strong performance," said one leisure analyst.

Pict Petroleum was the pick of the smaller oil stocks, the shares climbing rapidly to close a net 7 higher at 122p, their highest level since December 1990, following highly encouraging drilling news. Pict said its had made a potentially commercial gas find in its 47/2-1 discovery well in the North Sea.

After the previous day's flurry in brewing Greenalls Group took another tumble following comment on its bid for Devenish. Despite a buy note from Nikko it gave up 3 to close at 355p. Devenish held at 367p while Boddington, a key part of the takeover moves through its stake in Devenish, lost 3 to 183p.

Allied Lyons managed to escape virtually unscathed after an announcement of job cuts warnings over tough competition in the industry from Mr Don Marshall, managing director of Carlsberg-Tetley – the joint venture between Allied Lyons and Tetley. Allied closed a fraction off at 539½p.

The rally of Kwik Save continued with a move up of 11 to 739p while Geest rallied to outperform the market with an increase of 11 to 350p.

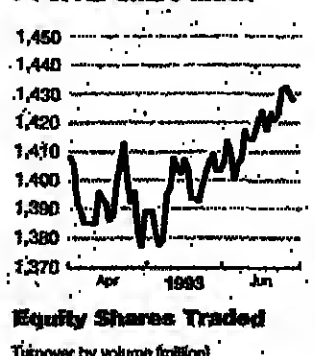
The psychological effect of paying up time in a cash-call weary sector was blamed for a generally poor performance in property and the particular slide of British Land which announced a successful take-up of its recent rights issue.

The rights issue was 95.96 per cent taken up with the remainder placed yesterday morning but the shares slid 4 to 319p.

MARKET REPORTERS:
Steve Thompson,
Joel Kibazo,
Christine Buckley.

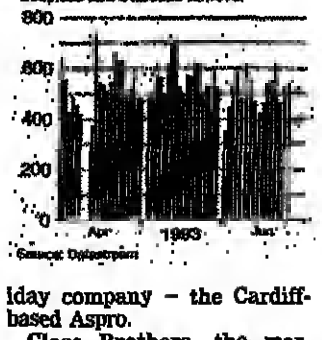
■ Other statistics, Page 19

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: intra-market business and overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (144).

BRITISH FUNDS (4) Treas. 7¾pc '06, Treas. 8pc '13, Treas. 8¾pc '17, Cv. 9¾pc '11, OTHER FIXED INTEREST (4) African Dev. 11¼pc '10, Hydro Quebec 15pc 2011, Leeds 13½pc '06, M'chester 11½pc '07, AMERICANS (8) Amer. Express, Bell Atlantic, Gen. Elect., Lockheed, Merrill Lynch, Tenneco, CANADIANS (4) Can. Pacific, Hawker Siddeley, Tor.-Dom. Bank, Trans. Can. Pipe, BANKS (2) Bk. Scotland, Dai Ichi, BREWERS (2) Mansfield, Marston Thompson, BLDG MATLS (1) Travis Perkins, BUSINESS SERVS (2) Bolt. Data Mngemt., Comac, CHEMS (1) BTP, CONTG & CONSTRCN (2) NSM, Tilbury Douglas, ELECTRICALS (1) Denmans, ELECTRONICS (4) Astec, Farnell, Forward, Kalamazoo, ENG GEN (5) Adwest, Hill & Smith, Howden, Pollsan, Renold, FOOD RETAILING (1) Greggs, HOTELS & LEIS (1) Rank Org., INSCE BROKERS (2) Hogg, JIB, Lowndes Lambert, INV TRUSTS (48) Abtrust New Dawn B Wts., Abtrust New Thai Wts., Berry Starquest, Brazilian Wts., Candover, Contra-Cyclical, Drayton Eng &Intl., Drayton Recovery, Electra, Eng. & Caledonian, European Smllr. Wts., Fidelity Euro. Values Uts., Do Wts., Flmg. Emrg. Markets, Do Wts., Flmg. Enterprise, Flmg. Far Eastern, Flmg. High Inc., Do Zero Pf., Foreign & Col. Smllr. Co's, Fulcrum, Gen. Cons., Genesis Emrg. Mkts., Gresham Hse., Jos Cap., Jupiter Euro. Wts., Latin Amer. Extra Yld., Mediterranean Fd., Moorgate Inv., Murray Enterprise, New Frontiers 8¼pc '10, New Throg. Wts., Nth. Amer. Gas., Pantheon, Do Wts., Schroder Split Fd., Second Mkt., South Amer. Fd., Do Wts., Sphere Zero Pf., Templeton Emrg. Mkts., Do Wts., Throgmorton Dual Inc., Throgmorton Tst., Turkey Tst., MEDIA (2) Grampian, More O'Ferrall, Pearson, MERCHANT BANKS (2) Schroders N/V, Warburg 6pc Pf., MISC (2) Danka, Holders Tech, Norbain, Platignum, Stirling, MOTORS (4) Hanlys, Jacks (Wm), Sanderson, Volkswagen, OIL & GAS (3) Aminex, Pict, OTHER FINCL (8) GWD, Edinburgh Fd. Mngrs., Lon. Forfaiting, St. James's Place, Smith New Court, Do Cv. Pf., OTHER INDLS (4) Amber, BTR Wts '95-98, Tex. Vinten, PACKG, PAPER & PRNTG (1) Bemrose, PROP (6) Land Sec. 10pc '25, Do 10pc Db. '27, Do 10pc Db. '30, Grainger, Stonehill, STORES (8) Argos, Church, Courts, Fine Art, GUS, Do A, Kingfisher 8½pc '00, Moss, Partridge, TEXTS (1) Allied Text., TRANSPORT (3) All Nippon Airways, Dawsongroup, TIP Europe, SOUTH AFRICANS (1) Tongaat-Hulett, MINES (10) Anglo Amer. Coal, Anglo Amer. Gold, Anglo Pacific, Beatrix, Cons. Murchison, Leslie, Minorco, Navan, Rand Mines, Western Deep.

NEW LOWS (15).

CONGLOMERATES (1) Bibby, CONTG & CONSTRCN (3) Bell (AH), Raine, ENG GEN (1) Atlas Copco, FOOD RETAILING (1) Low (Wm), MEDIA (3) Blenheim, Sthn. Radio, Sunset & Vine, MTL & MTL FORMING (1) Johnson Matthey, MISC (1) Cornwell Parker, PACKG, PAPER & PRNTG (1) Smurfit, STORES (1) Alexon, TEXTS (1) Stoddard, TRANSPORT (1) Transport Dev., MINES (1) MB4.

FINANCIAL TIMES EQUITY INDICES

	June 24	June 23	June 22	June 21	June 18	Year ago	*High	*Low
Ordinary share	2269.3	2275.8	2277.0	2274.4	2252.3	1894.5	2298.5	2124.7
Ord. div. yield	4.08	4.07	4.07	4.07	4.11	4.63	4.52	4.07
Earning yld % full	4.84	4.82	4.82	4.82	4.87	5.75	5.32	4.82
P/E ratio net	26.47	26.57	26.57	26.55	26.29	18.46	26.57	19.40
P/E ratio nil	24.50	24.60	24.60	24.58	24.45	17.13	24.80	18.14
Gold Mines	193.2	190.6	183.8	186.5	185.2	95.2	202.7	80.0

*for 1993. Ordinary share index since compilation: high 2298.5 10/6/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2267.2	2268.0	2269.9	2270.2	2267.6	2265.4	2265.0	2268.1	2270.6	2262.6	[illegible]

Volume	June 24	June 23	June 22	June 21	June 18	Year ago
SEAQ Bargains	25,354	28,487	28,858	30,092	34,637	22,768
Equity Turnover(£m)†	-	1333.9	1283.0	1432.2	1805.2	1077.5
Equity Bargains†	-	33,184	34,468	34,582	38,401	24,959
Shares traded (mil)†	-	534.6	526.0	474.2	615.0	473.8

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
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LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
[illegible]						
Exch 12¾pc 1999	121⅜	+⅜	124⅜	120⅛	10.04	7.48
Treas 10½pc 1999	114⅝	+⅜	117⅝	112⅛	9.14	7.34
Conversion 10¼pc 1999	114⅝	+⅜	117⅝	112⅛	8.97	7.39
9pc 2000‡‡	108⅝	+⅜	110⅜	108	8.29	7.33
Treas 13pc 2000	128⅜	+⅜	131	125⅜	10.13	7.71
10pc 2001	113⅜	+⅜	115⅜	109⅜	8.82	7.84
9¾pc 2002	112⅜	+⅜	114⅜	106⅝	8.66	7.78
8pc 2003‡‡	102⅜	+⅜	103⅜	97⅜	7.84	7.88

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
[illegible]						
Undated						
Consols 4pc	47⅜	+⅛	[illegible]			
War Loan 3½pc‡‡	42	+⅛	[illegible]			
Conv 3½pc '61 Aft.	63⅜	+⅛	[illegible]			
Treas 3pc '66 Aft.	35⅝	+⅛	[illegible]			
Consols 2½pc	31½	-⅛	[illegible]			
Treas. 2½pc	30⅝	+⅛	[illegible]			

BRITISH FUNDS - Cont. (Index-Linked)

Notes	Price £	+ or -	1993 high	1993 low	Yield (1)	Yield (2)
[illegible]						

OTHER FIXED INTEREST

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
[illegible]						

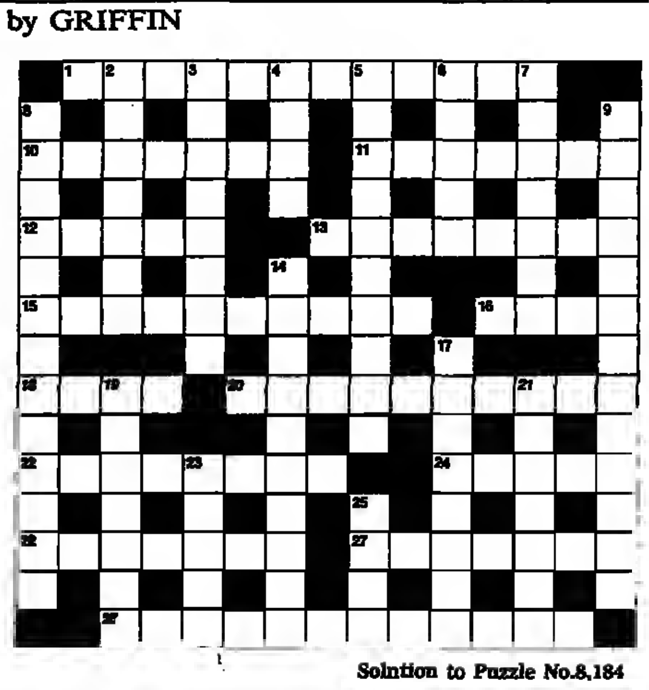
Continued on next page

CROSSWORD

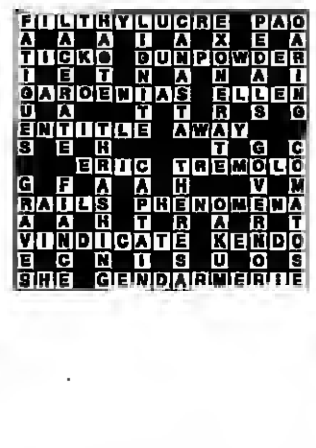
No.8,185 Set by GRIFFIN

ACROSS
1 Innocsnt chap overturns van (12)
10 Dark, so turns black in preserve (7)
11 *Fetch ale slung* in lift (7)
12 Blunt conservationists overlooked Middle West depression (5)
13 Stirrer gives Lawrence a kiss and cuddle! (8)
15 Admitting city tram axle's damaged outside walls (10)
16 Needle some people afloat use (4)
18 Being less about stop facility (4)
20 Top informer hates armed revolutionary (10)
22 Kay, said to sleep with axe carrier (8)
24 Grating for hot ash outside back door (5)
26 Key to enter rambling ruin on island (7)
27 Regularly taking tablet one's first to get seat (7)
28 *State coach should* get you there faster (7,5)

DOWN
2 Storm a sailor heard (7)
3 When working shut yard (8)
4 indian credit note, duplicated (4)
5 *Nannies miss going* into harbours (10)
6 Order girl with cold to go ahead (5)
7 Ring me after son I spoilt gets offensive (7)
8 Buses reduced bloke's travalling around (6-7)
6 Very little in old money, it got one around (5-8)
14 About a bundred injured *men see cut swelling (10)*
17 Single male composer raised role (8)
19 Sounds like you are in condition for height (7)
21 Ends school period in one (7)
23 Stop to remove Kipling novel during stint (5)
25 Music turned up in very big container (4)



Solution to Puzzle No.8,184



JOTTER PAD

EQUITY FUTURES AND OPTIONS TRADING

STOCK index futures traded in a tight range with no economic features to assist dealing, writes Joel Kibazo.

The opening in the September contract on the FT-SE 100 was subdued, coming in at 2,906, down 10 points from Wednesday's close. A firm gilts sector and a steady performance from the European markets brought a slow advance in the contract, and by 10am it was trading at the day's high of 2,921. It moved back and forth over the next few hours of trading mainly in the 2,905 to 2,915 range.

Fears of a poor opening from Wall Street led to selling activity which pushed the September future to a day's low of 2,903. It recovered with the firm opening in New York.

September ended at 2,913, off 3 points from Wednesday's close and 8 points above its estimated fair value premium to cash of 11 points. Volume remained poor at 6,248 lots.

Good turnover among the stock options continued to be the main feature in traded options, bringing total volume to 27,231 contracts. Hanson was particularly active and registered the biggest turnover at 2,810, with most of the day's business resulting from the August 220 puts. It was followed by Dixon's at 1,703 contracts and BP at 1,574. Lonrho, which reported figures yesterday, and Zeneca were also actively dealt. Just over 2,600 contracts were traded in the FT-SE 100 option and 4,565 in the Euro FT-SE option.

AMERICANS

	Notes	Price £	+ or –	1993 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		17¾xd	–⅛	20⅛	15⅞	14,541	2.5
Allegheny & W	♥	636p	—	635p	398p	338.0	3.0
Amdahl		375p	–8	581p	302½p	421.1	0.6
Amer Cyanamid		35¾	+⅛	38⅞	31⅛	3,223	2.9
Amer Express		20⅞xd	+⅛	26⅞	14⅞	10,846	3.0
Amer T & T		43¼xd	—	42⅞	33⅝	56,021	2.0
Ameritech		54½	—	54½	48	23,062	4.3
BankAmerica		29⅞xd	–⅛	38⅛	27⅛	10,174	3.0
Bankers NY		47¾xd	–⅛	61⅜	42⅝	3,832	4.1
Bell Atlantic		39⅞	+⅛	39⅞	32¼	17,105	4.3
BellSouth		37	—	38⅞	32⅞	18,278	4.7
Bethlehem Steel	♥	13⅛xd	–⅛	13⅝	18	1,187	–
Bowater		1328pxd	–18	1662p	1293p	491.5	1.9
CPC		27⅜xd	–⅛	34⅞	26	4,231	2.9
Cadiz Land Inc	♥	198p	+13	198p	53p	–	–
California Engy		1358p	—	1479p	1086p	247.2	–
Chase Manhattan		29⅞xd	–⅛	24½	17⅞	3,229	3.7
Chrysler		30⅞xd	–⅛	31½	21⅛	8,948	1.2
Citicorp		19⅛xd	–⅛	20⅞	13⅞	7,062	–
Colgate-Palm		39⅛xd	–⅛	45⅞	35⅛	6,087	2.0
Cont'l Bank		1580p	–41	1877p	1278p	1,576	2.4
Dana		26⅛xd	–⅛	35⅞	29⅞	1,635	2.8
Data General		631p	–4	951p	593p	174.1	–
Decora Inds	♥	136p	–4	146p	100p	–	–
Dun & Brad		39½	—	42⅞	37⅛	7,048	3.9
Eaton		62⅛	—	64⅞	50⅞	2,183	2.2
Echlin		16⅞xd	+⅛	18⅞	15⅛	1,056	2.4

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

INVESTMENT COMPANIES

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Top Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- § Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings' draft proposals.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion.

FT Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring +44 81-643 7181 (open 24 hours including weekends) or fax +44 81-770 0544, quoting the code FT5108. Reports will be sent the next working day, subject to availability. Please remember to state the weekly changing code above.

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Annual subscription £250.00 stg.

Call +44 71-925 2128 for more details.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

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INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

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	Init Price	Offer Price	+ or -	Yield Gross
Provident Life Assoc Ltd				
Provident Way, Basingstoke RG21 2SZ 0256 470707				
Gold Stamp (Pensions)				
Discretionary Fund		159.8	+0.1	-
Provident Mutual Life Assc. Assn.				
6 Hills Way Stevenage Herts SG1 2NT 0438 732000				
Managed Ord	419.8	441.9		-
Managed Init	290.7	612.3	-0.1	-
Equity Ord	628.4	661.5	-0.9	-
Equity Init	444.1	467.5	-0.6	-
Index Linked Gilt Ord	188.8	205.3	+0.1	-
Index Linked Gilt Init	143.9	151.8		-
Overseas Equity Ord	337.7	355.5	+0.4	-
Overseas Equity Init	238.7	251.3	+0.2	-
Property Ord	227.7	239.7	+0.1	-
Property Init	160.9	169.4		-
Fixed Interest Ord	263.3	277.2	+1	-
Fixed Interest Init	186.1	195.9	+0.6	-
Deposit Ord	196.8	207.9		-
Deposit Init	133.1	140.4		-
Pension Funds				
Managed Ord	554.6	583.8		-
Managed Init	392.0	412.6	+0.1	-
Equity Ord	858.4	903.6	-1.2	-
Equity Init	606.8	638.7	-0.8	-
Pen Ind Lkd Gilt Ord	222.0	233.7	+0.1	-
Pen Ind Lkd Gilt Init	161.9	172.5		-
Overseas Equity Ord	392.6	413.3	+0.6	-
Overseas Equity Init	277.5	292.1	+0.6	-
Property Ord	290.6	306.2	+0.1	-
Property Init	205.6	216.4		-
Fixed Interest Ord	342.6	360.6	+1.3	-
Fixed Interest Init	242.1	254.8	+0.2	-
Deposit Ord	288.1	303.3		-
Deposit Init	203.7	214.4	+0.1	-
Prudential Assurance Co				
Holborn Bars, London EC1N 2NH 071-405 9222				
Prufund				
Managed Jun 23	305.0	317.8		-
Prudential Corporate Pension Funds				
1 Stephen St, London W1P 2AP 0734 494882				
Prudential Managed Funds				
Discretionary Jun 9	229.81	237.18	+1.00	-
Equity Jun 9	255.48	264.41	-0.50	-
International Jun 9	39.22	40.32	+0.66	-
Intl Bond Jun 9	20.15	20.41	+0.43	-
Fixed Int Jun 9	122.32	123.77	+0.55	-

	Init Price	Offer Price	+ or -	Yield Gross
Scottish Amicable				
150 St Vincent St, Glasgow 041-248 2323				
Life Funds (First Series)				
Managed	408.8	430.4	+0.40	-
Equity	511.0	538.2	-0.60	-
Property	238.4	252.0		-
International	402.8	424.0	+2.50	-
Japanese	115.2	121.3	+3.00	-
Asia Pacific	141.9	149.4	-1.20	-
European	108.3	114.1		-
American	146.5	103.2	+0.10	-
Fixed Interest	343.9	362.0	+0.20	-
Index-Linked Gilt	186.8	196.7	+0.10	-
Cash	220.3	231.9	+0.10	-
Life Funds (Second Series)				
Managed	114.2	120.3	+0.80	-
Equity	110.3	116.2	+0.30	-
Property	100.9	106.3	+0.40	-
International	125.0	131.6	+1.30	-
Japanese	115.9	122.0	+0.40	-
Asia Pacific	139.7	147.1	-0.60	-
European	107.9	113.3	+0.50	-
American	142.8	150.4	+0.80	-
Fixed Interest	129.9	136.7	+0.60	-
Index-Linked Gilt	119.9	126.3	+0.50	-
Cash	109.7	115.6	+0.00	-
Pension Funds				
Building Society	173.6	182.8	+0.10	-
Managed (Init)	237.1	249.6	+0.20	-
Managed (Acc)	479.4	495.2	+0.50	-
Equity (Init)	287.1	301.2	-0.40	-
Equity (Acc)	530.0	557.8	-0.80	-
Property (Init)	142.4	149.9		-
Property (Acc)	282.4	297.3		-
International (Init)	239.5	252.2	+2.00	-
International (Acc)	475.2	500.3	+4.10	-
Fixed Interest (Init)	230.1	242.3	+0.40	-
Fixed Interest (Acc)	456.8	480.7	+0.30	-
Cash (Init)	152.9	162.1		-
Cash (Acc)	305.6	321.7	+0.10	-
Others				
Capital Guarantee Bond	160.4	168.7	-0.20	-
Scottish Equitable Life Assce. Soc.				
28 St Andrew Sq, Edinburgh 031-556 9101				
Mixed	227.6	236.6	+0.7	-
UK Equity	218.0	227.4	+0.8	-
International	227.6	238.6	+0.7	-
American	239.4	252.1	+0.7	-
European	211.8	222.4	+0.8	-
Japan	243.6	256.6	+4.7	-

[illegible]

OFFSHORE INSURANCES

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

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JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

FOREIGN EXCHANGES

Widespread falls in D-Mark

THE D-MARK slipped against virtually all the major currencies yesterday and set a new post-war low against the yen, *writes Sandeep Deol.*

It closed in London at Y63.79, against Y64.50 on Wednesday. Against the dollar it weakened to DM1.7115 from DM1.6935 on Monday.

The D-Mark's decline began with a call from Mr Edmond Alphandery, French economy minister, for a meeting with German government ministers to discuss "co-ordinated monetary policy easings".

Mr Alphandery said "the Germans must speed up their rate cuts". The news knocked the D-Mark to DM1.71 per dollar by mid-morning.

The German finance ministry later denied that the two countries were discussing co-ordinated rate reductions, but pressure on the D-Mark intensified.

There were strong rumours of Bundesbank action to buy D-Marks via German commercial banks to prop up the currency. However, any such defence action was hardly helped by reports from Japan that other Group of Seven nations would step up calls for cuts in German borrowing rates at next month's Tokyo summit. The increased pressure for a cut in German rates raised expectations that the German central bank might ease monetary policy at its council meeting next Thursday, although the fall in the currency may limit the Bundesbank's room to manoeuvre.

Mr Keith Edmonds, international economist at NatWest Securities, believes the Bundesbank will not be forced into an early easing. As a result, the D-Mark may move up slightly before dipping again.

The D-Mark's loss of favour has been reflected n the rise of the French franc. Despite French interest rates being lower than German official rates, the franc firmed early yesterday against the D-Mark before slipping later on profit taking. It ended unchanged at FFr3.363 per D-Mark.

Sterling rallied against the weaker D-Mark, closing at DM2.5125, up 2 pfennigs from the previous close. Against the dollar, it closed at $1.4685 after $1.4725 on Wednesday. The pound's performance is being harmed by political tensions. Yesterday's resignation of another UK government minister was viewed by many traders as further eroding the government's credibility.

However, assuming the political tension subsides, the pound could recover quickly. Many dealers report that continental European institutions are waiting to buy pounds when the political mood has settled.

This is considered the more likely on the grounds that growth prospects this year for the UK economy are considered relatively good, compared with the gloomy outlook for much of the developed world.

Elsewhere in Europe, the reduction of European interest rates continued as the Danish central bank cut its two-week repo rate by 15 basis points to to 7.95 per cent.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jun 24	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	192.854	185.746	-3.69	4.88	62
Spanish Peseta	154.250	149.504	-3.08	4.22	54
Irish Punt	0.808628	0.802535	-0.75	1.78	40
Dutch Guilder	2.19672	2.19773	0.05	0.97	4
Belgian Franc	40.2123	40.2823	0.17	0.84	-2
D-Mark	1.94964	1.95804	0.53	0.49	-28
French Franc	6.53883	6.59236	0.83	0.10	-39
Danish Krone	7.43679	7.51245	1.02	0.00	-41

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

£ IN NEW YORK

STERLING INDEX

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls July	Calls September	Calls December	Puts July	Puts September	Puts December
117	2.72	2.83	-	0.13	0.54	-
118	-	1.97	-	0.25	0.88	0.61
119	0.72	1.22	-	0.51	1.27	-
120	0.01	0.70	0.94	0.98	-	-
121	-	0.35	0.60	-	-	1.56
Open Int	19,909	137,298	33,230	33,383	148,611	25,348

Estimated volume 80,746 † Total Open Interest 430,636
† All Yield & Open interest figures are for the previous day.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4685	1.4652	1.4586	1.4514	1.4396

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	Roxburghe Bank Ltd	6
Bank of Baroda	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	Girobank	6	●Smith & Williman Secs	6
Bank of Cyprus	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Ireland	6	Habib Bank AG Zurich	6	TSB	6
Bank of India	6	●Hambros Bank	6	Unibank plc	6
Bank of Scotland	6	Heritable & Gen Inv Bk.	6	●United Bk of Kuwait	6
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	6
●Brown Shipley	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
CL Bank Nederland	6	Julian Hodge Bank	6	Wimbledon & Sth West	7
Citibank NA	6	●Leopold Joseph & Sons	6	Yorkshire Bank	6
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk.	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

Cheaper money

FALLS in interest rates in Denmark and Italy yesterday widened the pattern of easier borrowing conditions across Europe, *Peter Marsh writes.*

The cuts underlined the gradual downtrend irrespective of any action by the Bundesbank.

While pessimism about the outlook for the German economy has moderated slightly, many investors see easier monetary conditions across the continent as inevitable in the light of the European recession.

UK clearing bank base lending rate 6 per cent from January 26, 1993

The Danish central bank said it offered to enter two-week repurchase agreements at a fixed yield of 7.95 per cent, down from 8.10 per cent in the previous two-week offer. But it left its discount and deposit rates unchanged at 7.75 per cent.

In Milan, the minimum rate at the Bank of Italy's lira repo fell 40 basis points to 9.50 per cent, possibly forshadowing cuts in official interest rates.

Ms Merianne Jelved, the Danish economy minister, said Danish short and long-term interest rates were likely to fall below German levels over the next six months. The Bundesbank's key discount rate stands at 7.25 per cent, though could come down at its council meeting on Thursday.

Three-month interbank rates in the Netherlands, France, Belgium and Ireland were all last night comfortably below the equivalent figure in Germany of 7.44 per cent. While Dutch interbank rates were 88 basis points below the German level, corresponding figures for the other three nations were 56, 70 and 75 basis points respectively.

In Frankfurt, Mr Otmar Issing, a Bundesbank board member said a one basis point cut this week in the central bank's repo rate to 7.59 per cent did not prejudice future policy decisions.

In Amsterdam, dealers said the Dutch central bank would stick to its policy of protecting the mark/guilder parity despite a string of recent independent rate cuts, led by the French central bank. Call money edged to 7 per cent from 6.93 per cent.

On UK money markets the Bank of England injected £962m into the banking system, after a forecast shortage of £950m.

While UK speculation on imminent cuts in base rates has cooled, many believe the government is likely to sanction easier borrowing conditions over the next few months to boost the recovery.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 24)	3 months US dollars	6 months US Dollars	
bid 3¼	offer 3⅜	bid 3⅜	offer 3½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6	One month	2.91	Three year	4.43
Broker loan rate	6	Two month	3.12	Five year	5.16
Fed.funds	3$\frac{1}{16}$	Three month	3.16	Seven year	5.51
Fed.funds at intervention	-	Six month	3.29	10-year	5.86
		One year	3.49	30-year	6.73
		Two year	4.14		

June 24	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.75-7.85	7.60-7.70	7.50-7.60	7.45-7.55	7.10-7.25	6.50
Paris	7½-7$\frac{5}{8}$	7$\frac{7}{16}$-7$\frac{9}{16}$	-	6$\frac{15}{16}$-7$\frac{1}{16}$	-	7.00
Zurich	4⅞-5⅛	5-5¼	-	4$\frac{15}{16}$-5$\frac{1}{16}$	-	-
Amsterdam	7.00-7.12	6.98-7.08	-	6.80-6.88	-	-
Tokyo	-	-	-	-	-	-
Milan	10⅞-16½	9⅞-9$\frac{13}{16}$	-	9$\frac{11}{16}$-9$\frac{13}{16}$	-	-
Brussels	7⅛-7¼	6$\frac{13}{16}$-6$\frac{15}{16}$	-	6$\frac{11}{16}$-6$\frac{13}{16}$	-	-
Dublin	6⅞-7	6$\frac{15}{16}$-7$\frac{1}{16}$	6$\frac{15}{16}$-7$\frac{1}{16}$	6⅞-7	6¾-6⅞	-

LONDON MONEY RATES

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES - Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate' Int Cr: Frequency at which interest is credited to the account.

WORLD STOCK MARKETS

AUSTRIA

June 24	Sch.	+ or –
Austrian Airlines	1,570	–10
Creditanstalt Pf	614	+1
EA General	3,170	—
EVN	913	–10
Lenzing	830xd	–3
OeMV	723	+5
Perlmooser Zement	880	–9
Radex Heraklith	327	–2
Reininghaus Brau	1,340	+8
Steyr Daimler	187	+1
Veitscher Magnesit	242	+2
Verbund (Br) A	585	–11
Vienna Int Airport	469	+1
Wienerberger	3,140	–60
Z-Laenderbank	1,025	–5

BELGIUM/LUXEMBOURG

June 24	Frs.	+ or –
AG Group	2,415xd	—
Ackermans	2,900	–80
Almanij	7,050	+70
Arbed	3,100	+40
BBL	3,820	+5
Bank Intl a Lux	12,170	–20
Banq Gen Lux Pts	17,300	—
Banque Nat Belg	33,325	+125
Bekaert	15,730	+400
CBR Ciment	9,680	+215
CMB	1,950	—
Cobepa	4,790	+180
Cockerill Priv	114	+1
Colruyt	6,150	–10
Delhaize Frs Lion	1,252	–20
Electrabel	6,230	+30
Electrabel AFV1	6,100	+50
Electrafina ACT	2,590	+60
GBL	3,580xd	+40

FRANCE

June 24	Frs.	+ or –
AGF	570	–9
Accor	808	+10
Air Liquide	723	+6
Alcatel Alsthom	667	+11
Axa	1,368xd	+2
BIC	1,160	+18
BSN	809	+16
BNP Cert Inv	513	–14
Bancaire Cie	504	–4.30
Bongrain	2,500	—
Bouygues	670	+11
CGIP	1,125xd	—
Canal+	1,250	–21
Cap Gemini S	189.90	–.60
CarnaudMetalbox	203.90xd	+3.40
Carrefour	2,862	+4
Casino	142.30xd	+1.30
Chargeurs	1,030	+23
Club Mediterranee	372.30	+8.80
Cogefi	395	—
Coparex Intl	551	—
C C F	238.20	+3.70
Cr Fonc France	1,026	+21
Cred Lyon (CI)	890	—
Credit Local Fr	413	–5.50
Credit National	1,249	+16
Damart	4,050	+70
Docks de France	497	–.20
Dollfus Mieg Cie	250.20	+1.70
ESF	592	–3
Eaux Cie Gen	2,278	+8
Ecco	431	+11
Elf Aquitaine	391.10	+1.10
Elf Aquitaine Certs	315	+.90
Elf Sanofi	953	–6
Eridania B-Say	713	+16
Eridania B-Say CI	588	+12
Essilor Intl	458	+10.20
Elex	1,950	+49
Eurafrance	1,616	–4
Euro RSCG	525	+5
Euro Disney	65.90	–1
Fin Poliet	465.50xd	—
Finextel	133	

TOKYO - Most Active Stocks

Thursday, June 24, 1993

	Stocks Traded	Closing Prices	Change on day
Sumitomo Mtl Min	10.5m	1,030	+57
Kawasaki Steel	4.0m	353	–4
Nippon Steel	3.6m	368	+6
NEC Corp	2.3m	946	+8
Mitsubishi Hvy	2.3m	650	+2
Hitachi	2.1m	800	–2
Sumitomo Mtl Ind	2.1m	330	+8
Mitsui Min & Sm	2.0m	515	+18
Stanley Elec	2.0m	808	+38
Dai Nippon Print	2.0m	1,660	+60

INDICES

MONTREAL Portfolio	1920.88	1914.61	1910.65	1908.78	1920.88 (23/6)	1720.97 (21/1)
Bangkok SET (30/4/75)	894.08	910.33	903.54	887.95	998.44 (25/1)	818.84 (1/6)
WORLD M.S. Capital Intl.(1/1/70) $	555.2*	553.6	553.0	550.3	576.30 (3/6)	488.80 (13/1)
Euro Top-100 (26/6/90)	998.50	997.84	998.98	995.72	998.98 (22/6)	862.73 (13/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ▼ Subject to official recalculation.

**Saturday June 19: Taiwan Weighted Price; 4,114.90, Korea Comp Ex. 760.20.
▼ Subject to official recalculation. *Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close June 24

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14⅝	11½	AAR Corp	0.40	3.8	24	198	13½	13	13⅛	+⅛
29⅞	20	A L Labs A	0.18	0.7	46	664	26¾	26⅛	26¾	-½
63⅞	54⅝	AMP Inc	1.60	2.6	22	2863	62¾	61¾	62⅜	-⅝
72¾	55½	AMR			8	5863	63	60½	62⅝	+1⅝
2¼	1¾	ARX			13	4	2⅛	2⅛	2⅛	
51½	29⅞	ASA	2.00	4.3	30	1240	46⅞	45⅛	46¾	+1⅛
30¾	22⅝	Abbott Lab	0.68	2.6	18	7046	26⅛	25¾	26	+⅛
12⅝	10¼	Abitibi Pr	0.50	4.4	4	14	11⅜	11¼	11¼	
14⅛	8¼	Acptncoln			62	107	12⅝	12½	12⅝	+⅛
32	25½	ACE Ltd	0.40	1.4		1179	27¾	27⅝	27¾	+¼
11¾	10¾	ACM Gvt In	0.96	8.5		133	11⅝	11½	11½	-⅛
10	8⅛	ACM GvOpp	0.80	8.3		52	9¾	9⅝	9⅝	-⅛
6⅝	8¾	ACM Gvt Sp	0.80	8.5		130	9½	9⅜	9⅜	
11⅞	10½	ACM Gvt Se 4	0.96	8.7		170	11⅛	11	11	-⅛
11	9⅝	ACM Man	1.06	9.6		378	u11	10¾	11	+⅛
9⅛	8⅝	ACM Managd	0.72	8.0		159	9⅛	9	9	
11⅛	7¾	Acme Cleve	0.40	4.1	12	416	10	9½	9⅞	-⅛
9¼	6½	Acme Elect			287	12	8⅝	8⅝	8⅝	+⅛
24¾	18⅝	Acordia	0.44	2.1	12	0	21⅜	21¼	21¼	-⅛
10	10⅛	Acuson			13	1128	12	11¾	11⅞	-⅛
22¼	19⅝	Adams Expr	0.48	2.4	1	29	20⅜	20⅛	20⅜	+¼
66	45½	Ad Micro	3.00	6.1		119	49¾	48¾	49	-¼
[illegible]										
33	29⅞	Barnes Grp	1.40	4.4	65	28	21⅝	31⅝	31⅝	-⅛
50⅜	40	Barnett Bk	1.44	3.0	20	1940	47⅞	47	47¾	+¾
8¼	5⅛	Baroid x	0.20	2.9	29	1978	7¼	6⅞	7	-⅛
10	4⅞	Battle Mr	0.10	1.1	18	3237	8⅞	8⅝	8¾	
57½	46	Bausch Lmb	0.88	1.8	17	1568	48⅞	48¾	49¾	+⅞
32¾	27⅛	Baxter	1.00	3.5	18	9650	28½	28⅛	28½	
29	24⅜	Bay St Gas	1.42	5.0	14	60	28⅝	28⅛	28⅝	+¼
25	22	Bd Tr 1838	1.82	7.9		14	23	23	23	-⅛
23	15¾	Bear Stms	0.60	2.7	7	2505	22⅛	21⅞	22⅛	-⅛
50	48½	BearStPfA x	2.77	3.5		2100	u50	50	50	+2⅜

Continued on next page

4 pm close June 24

NYSE COMPOSITE PRICES

Continued from previous page

- S -

1993 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
22	15½	S Anita Rt	1.36	7.3	10	82	18¾	18½	15¾	-⅛
20¾	16¼	SCOR US Cp	0.32	1.9	206	55	16½	10½	16½	
28	20	SPS Techno	1.28	4.9	16	24	27	26⅞	26⅞	-⅛
14⅝	12⅞	Sabine Rt	1.04	6.8	9	252	13¼	13	13	-⅛
13¾	8⅞	Safecard	0.20	1.5	12	225	13⅛	12¾	13⅛	+⅛
22½	16⅞	Safeg'd Sc			0	16	17⅞	17¼	17⅞	-¼
24⅞	16¼	SafetyKln	0.36	2.1	34	799	17⅝	17⅝	17⅞	-⅛
18½	10⅞	Safeway			23	2415	15⅛	14⅞	14⅞	-⅛
9⅝	2	SafewayW98				158	3⅛	5	3⅛	+⅛
44½	37⅝	StJoePaper	0.20	0.9	92	31	38⅞	38¾	38⅞	-⅛
37¾	31	StJoeL&P	1.76	5.0	14	0	35⅝	35¼	35¼	
83¼	75	St Paul's x	2.80	3.8	12	786	78½	77⅝	78½	+2.88
9⅝	7⅞	Salant Crp			5	3	6	8⅞	6	+⅛
75¼	39⅞	Sallie Mae	1.20	2.9	0	6607	41⅛	40⅝	41⅛	+1⅝
13⅞	13	Salomon Br	0.38	2.7		326	13⅞	13¼	13⅞	+⅛
41⅞	34	Salomoninc	0.64	1.7	16	962	37⅞	37¼	37⅞	+⅛
20⅞	23¼	SanDgo G&E	1.48	5.6	14	479	26⅞	26	26⅞	+⅛
4⅞	3½	SantaFeEDu	0.40	10.3	182	36	3⅞	3¾	3⅞	
11⅞	9⅛	SantaFeEPa	0.18	1.8	125	1147	10¼	10	10¼	-⅛
40¾	35¼	SantaFePac	2.80	7.2	13	20	38⅞	38½	38¾	-⅛
10	13¾	SantaFeStn	0.10	0.6	16	6549	17⅛	18¼	17⅛	+¾
31⅝	23⅞	Sara Lee	0.56	2.2	19	6456	24⅞	24¼	24⅞	+⅛
47½	40⅛	Scana Corp	2.74	5.8	15	285	47⅞	47⅛	47⅞	+⅛
24¾	21½	Scecorp	0.71	2.9	14	2128	u24¾	24½	24⅝	
38⅞	23⅞	SchererRP			24	772	30⅝	28¾	28¾	-⅝
70½	51¾	ScheringPl	1.00	2.0	10	15753	u70¾	68	70½	+2¼

- W -

1993 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
7½	4¾	Wilcox&G	0.10	1.5	13	335	6½	6¼	6½	+⅛
52¾	35⅞	Williams	1.52	2.9	12	1500	52	51⅛	51⅞	-¼
7⅝	6½	Wilshire			20	47	7⅛	7	7⅛	
9¾	5¾	Windmere			20	336	7½	7⅛	7¼	-⅛
79¾	52¼	WinnDixie	1.32	2.4	16	1077	57⅞	55⅝	58	-¼
9⅛	5⅝	Winnebago			16	91	6⅝	8⅝	6¾	
28⅞	24¾	WiscEnergy	1.35	5.0	16	314	27⅛	26⅝	27⅛	+⅜
35⅞	30¼	WiscPubSv	1.74	5.2	13	250	33¾	20⅝	33¾	+¼
58⅛	48	Witco Corp	1.84	3.3	23	218	56⅝	55	55¼	-⅜
40¼	29¼	WMX Tech	0.60	1.8	17	7121	33¼	32¼	32¾	+⅜
20⅞	13¾	Wolverine	0.18	0.9	45	147	17⅞	17	17¼	-½
32¾	28¼	Woolworth	1.16	4.2	13	4856	27⅝	d26⅝	27⅝	+⅝
13⅞	11¾	World Wide	0.04	0.3		20	13⅛	13⅛	13¼	-⅛
6⅝	4⅝	Worldcorp			1	1219	5	4¾	5	+⅛
36¼	29½	Wrigley	0.48	1.2	28	699	34½	34	34¼	-⅛
21	14⅞	Wyle Labor	0.28	1.9	6	228	15⅛	d14⅞	15⅛	+⅛
35⅝	25	Wyans Int	0.60	2.2	12	39	27	26¾	27	

- X - Y - Z -

1993 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
89⅞	71½	Xerox	3.00	5.8	33	2648	79⅛	78⅛	79	+⅞
55½	51½	Xerox4.125	4.12	7.9		8	54	54	54	+½
50½	31⅛	Xtra Corp	0.48	1.2	16	1479	38¾	37¾	38½	+1
35¼	29⅞	Yankee Egy	1.74	4.6	14	408	u36¼	35½	35½	+¼
1¾	⅝	Zapata			56	31	1⅛	1⅛	1⅛	
10½	5⅞	ZenithElec			2	1959	9	8⅞	8⅞	+⅜
29¼	19⅝	Zenith Nat	1.00	4.2	20	4	24	23¾	24	+⅛
7¾	8½	Zenix Inc	0.82	10.7		982	7⅝	7½	7⅝	+⅛
15⅛	12¾	Zero Corp	0.40	2.7	18	17	14¾	14⅝	14¾	+⅛
40⅞	31⅞	Zurn Ind	0.68	2.0	14	131	32	31¾	31¼	-⅝
13¼	12⅝	Zweig Fund	1.12	8.6		138	13	12⅞	13	+¼
10⅝	9⅞	Zweig Tod	0.96	9.4		486	10¼	10⅛	10¼	

Price data supplied by Telekurs

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. [illegible]

AMEX COMPOSITE PRICES

4 pm close June 24

NASDAQ NATIONAL MARKET

4 pm close June 24

AMERICA

Futures related buying helps Dow to advance

Wall Street

AFTER two days of losses equities turned higher yesterday morning, helped by a round of futures-related program buying, *writes Karen Zagor in New York*.

At 12.30 pm, the Dow Jones Industrial Average was up 11.90 at 3,478.71. The more broadly based Standard & Poor's 500 was 1.76 higher at 444.95, while the Amex composite eased 0.62 at 434.08, and the Nasdaq composite was up 2.77 at 687.56. Trading volume on the NYSE was more than 130m shares by 12:30 pm, and rises outnumbered declines by 969 to 748.

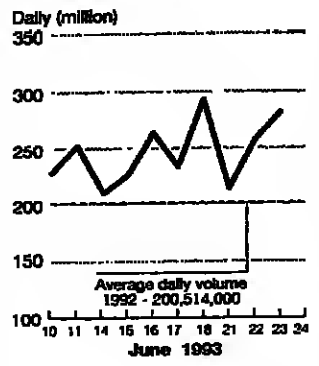
On Wednesday, the Dow dropped 30.72 to 3,466.81 after falling 13.29 on Tuesday.

The stock market, which was depressed by Wednesday's bearish economic data, shrugged off the morning's report that initial jobless claims for the week ended June 19 had risen by 8,000. Most analysts had expected claims to fall by about 1,000.

Shares in Goodyear Tire, the last of the big US-owned tyre companies, jumped $2 to $40⅞ in active trading on the back of encouraging second quarter net earnings predictions of $130m to $140m, compared with $106.9m a year earlier. In the last year, the stock has traded in a range of $27⅞ to $41⅞.

A number of pharmaceutical stocks were actively traded including Glaxo Holdings, which eased $⅛ to $16⅞. Johnson & Johnson added $¼ to $41¼, Merck rose $⅝ to $36⅞ and Schering-Plough rose $1⅞ to a 52-week high of $70¼. In the steel sector, USX-US Steel Group tumbled $2¼ to $40¼ after the company filed for an offering of 9m common shares.

NYSE volume



The athletic shoe maker, *Nike*, held *steady* at its 52-week low of $54½. The stock took a battering earlier this week after the company issued a profits warning.

In the Nasdaq market, shares in Digital Microwave plunged $3¼ to $8⅞ on warnings of a possible first quarter deficit. Merrill Lynch cut its investment rating on the stock to short-term neutral from above average.

Shares in Sun Microsystems firmed $1 to $28⅞ after the company said that it plans to repurchase about 9.5 per cent of its common stock in a buy-back funded from available working capital.

Shares in two semiconductor companies, Advanced Micro Devices and Intel, lost ground after the stocks were downgraded by a PaineWebber analyst. Advanced Micro Devices fell $⅝ to $20⅞ and Intel lost $1¼ to $53¾.

Motorola gained $1⅝ to $84 after the company's advertising supplement in the Wall Street Journal triggered fears that its new PowerPC chips would pose a threat to other manufacturers in the semiconductor field.

Canada

TORONTO moved ahead in quiet dealings as the market consolidated its recent solid rally. By noon the TSE 300 *composite* was 6.68 higher at 3,958.31 in turnover of C$312m. Advancing stocks outpaced declines 309 to 253, with 283 issues steady.

The precious metals index rose 69.30, or 0.8 per cent, to 8782.62, defying a slide in gold futures.

EUROPE

Interest rate cuts come into prospect

INTEREST rate cuts came into prospect again in most bourses, and happened in Copenhagen. In Frankfurt, however, depression seemed to be setting in on this score, *writes Our Markets Staff.*

PARIS climbed on rate cut hopes and foreign buying, even although today's meeting between French and German monetary authorities was postponed. The CAC 40 index rose 20.89, or 1.1 per cent to 1,963.30, turnover holding at a high FFr4bn.

But it was not all plain sailing for interest rate sensitive stocks. In banks, BNP certificates fell FFr14 to FFr513 as it forecast a slump in first half profits for 1993 and blamed provisions against both sovereign, and small business loans.

Other news was better, Alcatel Alsthom gaining FFr11 at FFr667 as it confirmed that it expected to maintain profits this year. Peugeot extended its gains after Wednesday's agm, rising FFr10 to FFr559.

The strength of the dollar, meanwhile, lifted Lafarge and Saint Gobain, up FFr14.50 to FFr388 and FFr6.40 to FFr499.90 respectively. But Canal Plus continued to fall, losing another FFr21 to FFr1.250, this time after rumours that it will lose the privilege of broadcasting films only 12 months old.

FRANKFURT fell on the poor state of German economy and on receding rate cut hopes, the DAX index closing 13.10 lower at 1,686.29 as turnover declined from DM7.7bn to DM6.9bn.

Banks fell in unison, Deutsche Bank losing DM10.80 to DM676.20. However, the weakness of the D-Mark now extends back to mid-April, and banks have been relatively poor performers over that period. The most interest rate-sensitive, Bayernhypo and Bayernverein, dropped DM5 to DM393.50 and DM9.50 to DM415, down by 8.1 and 9.9 per cent respectively since last March 31.

There were still one or two winners. Lufthansa climbed DM3 to DM113 after a large foreign order. In a mixed automotive section, Volkswagen rose DM5.30 to DM356.30.

MILAN lost ground, disappointed at the failure of unions, employers and government to produce any deal on labour costs. The Comit index shed 2.77 to 534.63, but selling pressure was light as the the market began to concentrate on the prospects for a further cut in Italian interest rates.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

June 24 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1200.18	1200.91	1199.98	1198.31	1197.54	1197.34	1197.81	1199.58
FT-SE Eurotrack 200	1251.49	1252.53	1254.44	1251.76	1248.70	1250.77	1250.28	1251.56

	Jun 23	Jun 22	Jun 21	Jun 16	June 17
FT-SE Eurotrack 100	1197.17	1198.69	1193.31	1186.72	1182.69
FT-SE Eurotrack 200	1249.23	1253.34	1250.44	1242.58	1238.06

Base value 1000 (26/10/90) High/day: 100 - 1201.28; 200 - 1255.67 Low/day: 100 - 1195.90 200 - 1248.35

Olivetti put in a strong performance, rising L85 or 6.5 per cent to fix at L1,385 on news that its L903bn rights issue had been fully taken up by investors. It was also boosted by hopes that it will be successful in its bid to manage cellular telephone operations once the state telecommunications sector is opened up.

RAS, the insurer, dipped L200 to L27,313, its 73 per cent fall in profits proving in line with market expectations. BCI was L62 easier at L4,882 although it said that first half profits were much better than those for the same 1992 period.

ZURICH's consolidation proved short lived, the market returning to a record high after Wednesday's dip. The SMI index finished 13.2 ahead at 2,336.1.

Early hopes for lower rates were reinforced by reports that France and Germany would meet on Friday to discuss co-ordinated interest rate cuts, but the meeting was postponed. Nevertheless, banks were beneficiaries of the focus on rates. UBS bearers, which topped the active list, rose SFr22 to SFr1,072.

Bearer shares in Baer Holding firmed SFr35 to SFr1,315 after the bank said that its consolidated profit in the first half of 1993 would equal the profit for the whole of 1992.

AMSTERDAM was mixed, disappointed that there would be no concerted Franco-German move on interest rates, but still supported by the strength of the dollar. The CBS Tendency index eased 0.2 to 110.7.

The publishing sector was in demand. VNU added 60 cents to Fl 113.60 on news that it has taken a 38 per cent stake in a Dutch commercial television station. Elsevier gained Fl 1.00 to Fl 136.20.

Chemicals issues were mixed, DSM losing Fl 1.60 to Fl 89.60 after news that it will curtail its plastics and hydrocarbons production. But Akzo added 50 cents to Fl 151.00 on plans to double production capacity at two of its Dutch fibre producing plants.

COPENHAGEN shook off its recent lethargy as the central bank cut its 14-day repo rate by 15 basis points to 7.95 per cent. The KFX index closed 0.88 higher at 88.94.

Danisco rose DKr24 to SKr735, while Moeller's D/S 1912 A and B rose DKr1,412 and DKr2,000 respectively to DKr108,000 and DKr107,500.

ISTANBUL took its series of consecutive all-time highs to its sixth in succession and the eleventh this month, the market index rising 195.4, or 1.7 per cent to 11,607.5.

TEL AVIV dropped for the fourth consecutive session, mutual funds acting for the general public selling while provident and pension funds were the dominant buyers as the Mishtanim blue chip shares index lost 2.07 to 198.20 in turnover of Shk210m.

Foreign ownership talk brings Jakarta to life

William Keeling on this year's surge in Indonesia

The Indonesian stock market tends to catch pundits unawares. After an almighty crash in 1991, the market was all but written off as a backwater of poor earnings growth, low turnover and ceaseless scandal.

But like one of the archipelago's many volcanoes, equities have bubbled back into life. Since the new year the Jakarta composite index has risen by 31 per cent to yesterday's 1993 high of 358.39. While this is still far below its 1990 peak of 682, local and foreign investors alike are rediscovering their appetite for stocks.

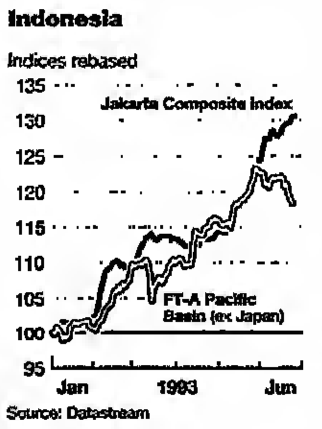
Much of the recent gain has been prompted by government officials suggesting that the limit on foreign ownership – currently set at 49 per cent of companies' listed shares – will be raised, probably to 60 to 80 per cent. In the belief that foreign fund managers will grab at the opportunity to increase their Indonesian exposure, local investors have been buying stock.

In the last month, daily turnover has consistently exceeded Rp50bn, considerably better than the Rp20bn ($9.6m) or less averaged in quieter periods. The top dealing houses may now be turning a profit for the first time in a year, allowing formerly disgruntled brokers to wear their Mont Blanc pens with pride.

How long the bullish smiles will remain is an open question. Many brokers fear that local interest will wane once the foreign ownership limit is raised, only returning on the back of a fresh and spicy rumour. Others argue that the arrival of new foreign money will push the index up, attracting more locals into the game.

Mr Peter Arkell, Indonesia specialist at Barclays de Zoete Wedd in London, says the point is close where the internal dynamics of the market will tie investors in place. Indonesian investors will "start watching the market and spreading rumours like Malaysia and Hong Kong", he adds.

Indonesia



Source: Datastream

A bullish outlook is also supported by evidence that the fundamentals of the Indonesian economy are improving. Whilst the bad debts of the banking system are disturbingly high, interest rates are coming down, and inflation, after an initial spurt at the start of the year, appears to be under control. Foreign donors are expected to pledge about $5bn to Indonesia for the next year when they meet in Paris on Monday.

There is a danger, however, that bad news is being glossed over, a concern heightened by the lack of bearish brokers in town. Economists warn of a falling off of private direct investment and call into question the government's policy of subsidising state-owned high-technology industries.

On the corporate scene, many companies remain highly geared and 1992 results were generally poor, with Astra International, the automotive conglomerate and the market's second largest company, a typical example.

While the purchase of a stake this week by Toyota, of Japan, has lifted its ownership crisis, Astra remains burdened by poor sales and more than $800m in foreign debt. Yet its share price has appreciated by 55 per cent in the last six months.

An indication of the strength of investor sentiment will be the response to a forthcoming tranche of new issues, including Barito Pacific, a leading timber company headed by the politically well connected Mr Prajogo Pangestu. Barito Pacific is expected to raise $300m, equal to the total that was raised by all 16 new issues last year, and valuing the business at $3bn.

It may be that Indonesia is coming into form at the right time, given the stagnant performance of the scandal-ridden Thai market and the political turmoil in Japan. As Mr Anthony Davies, managing director of Baring Securities Indonesia, explains. American unit trusts are currently awash with cash and looking to invest. "Unit trust subscriptions are at record levels, and if their managers put just a tiny bit into Indonesia the market will go up," he says.

ASIA PACIFIC

Japanese mining issues gain on Soros tale

Tokyo

ANOTHER strong day for the futures market prompted technical buying, and the Nikkei average gained ground on support by public funds and dealers, *writes Emiko Terazono in Tokyo.*

The Nikkei was finally up 192.55 at 19,685.07, after opening at the day's low of 19,501.46 and hitting a high of 19,729.65 in the afternoon. Volume remained almost flat, at 250m shares, against 244m.

Advances led declines by 868 to 179, with 107 issues unchanged. The Topix index of all first section stocks rose for the third consecutive day, climbing 21.69 to 1,584.08. In London the ISE/Nikkei 50 index added 4.42 at 1,203.70.

The bond market closed higher thanks to the stronger yen, prompting renewed hopes of monetary easing by the Bank of Japan. The dollar closed Y1.97 down at Y108.60, while the yield on the No 145 10-year benchmark bond fell 3.5 basis points to 4.425 per cent.

Traders said public fund support limited the downside for the Nikkei, but that the unexpected weakness in the economic recovery had limited the prospects of a rise above the 20,000 level.

Mr Takatoshi Okuyama at Daiwa Securities expects the index to move between 19,300 and 20,000 in the near term. "Market participants still cannot evaluate the implications of the political upheaval," he added.

Mining issues were popular on rumours that Mr George Soros was once again buying the gold market. Sumitomo Metal Mining was the most active issue of the day, forging ahead Y57 to Y1,030, while Mitsui Mining and Smelting rose Y18 to Y515.

The higher yen supported electric power utilities, which gained 2.74 per cent on the day. Tokyo Electric Power put on Y50 at Y3,550. High-technology exporters were lower.

Short-covering helped steel issues. Nippon Steel moved up Y6 to Y366 and Sumitomo Metal Y8 to Y330. Uniden, a mobile phone maker, appreciated Y130 to Y3,090 on reports that it had received approval for its mobile phones from the Chinese government.

Hosiden, a consumer electronics parts maker, rose Y70 to Y2,040 as investors were encouraged by the US decision to lift the anti-dumping duty on Japanese high performance liquid crystal displays.

In Osaka, the OSE average ended 249.56 firmer at 21,773.03 in volume of 26.6m shares.

Roundup

THE REGION mostly turned easier. Hong Kong and Taiwan were closed for public holidays.

AUSTRALIA was marginally higher as stronger bullion prices drove golds, taking the sector index up 45.1 to 1,775.0. The All Ordinaries index edged 0.9 ahead to 1,699.7 in heavy turnover of A$412.1m.

Placer Pacific appreciated 21 cents to A$2.76. News Corporation moved forward 9 cents to A$7.54 on expectations of strong profits figures for the current financial year.

SINGAPORE suffered a wave of selling in nervous afternoon dealings after Wednesday's rebound, and the Straits Times Industrial index fell 20.21, or 1.1 per cent, to 1,770.90. The nervous tone was attributed to reports of heightened tension on the Iran-Iraq border.

BANGKOK was also depressed by reports of heightened tension in the Gulf and the SET index weakened 16.25, or 1.8 per cent, to 894.08.

Bangkok Bank of Commerce shed Bt2.25 to Bt22.50 and NTS Steel lost Bt2 to Bt53 after the exchange authorities said that trades in the two issues must be settled in cash, instead of the normal policy of half cash and half credit, following recent "irregular movements".

SEOUL saw continued profit-taking in blue chip manufacturers and financial issues but the market was carried higher by some healthy demand for small and medium-capitalisation shares. The composite index added 0.42 at 763.95.

BOMBAY began firmly but the advance was reversed after midsession on rumours that allies of Prime Minister PV Narasimha Rao's government were planning to withdraw support. The BSE index closed 6.51 down at 2,229.55.

KUALA LUMPUR extended its downward correction and the composite index dropped 16.30, or 2.3 per cent, to 701.66, the mood still soured by news that the authorities were investigating alleged trading irregularities.

SOUTH AFRICA

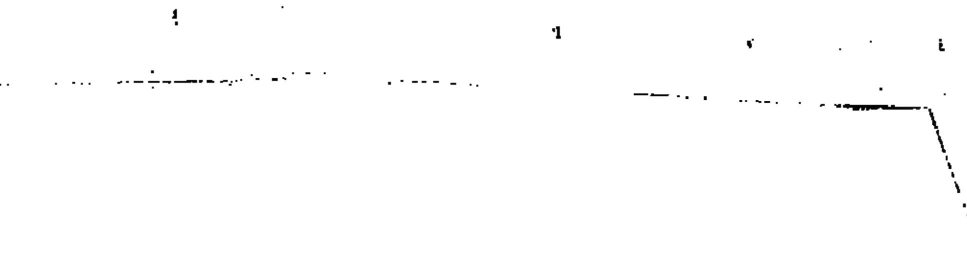
GOLDS attracted strong local interest after the sharp overnight bullion rally, and the index gained 89, or 5.3 per cent, at 1,781, after an intra-day high of 1,806. Industrials put on 8 at 4,695 and the overall index rose 33 to 4,026.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JUNE 23 1993								TUESDAY JUNE 22 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (68)	131.57	−2.4	132.47	90.77	115.84	129.38	−1.2	3.87	134.75	135.17	94.85	118.89	130.94	144.18	117.39	147.74
Austria (18)	148.55	+0.2	149.57	102.50	130.80	130.78	+0.3	1.48	148.20	148.66	104.32	130.78	130.36	150.96	131.18	171.42
Belgium (42)	143.66	+1.2	144.65	99.11	126.49	123.29	+0.7	4.84	142.02	142.47	99.96	125.30	122.41	156.76	131.16	142.73
Canada (106)	130.01	+0.1	130.90	89.69	114.46	120.59	+0.4	2.79	129.83	130.23	91.38	114.54	120.10	130.01	111.41	124.52
Denmark (33)	213.20	−0.8	214.67	147.10	187.71	187.83	−0.8	1.20	214.43	215.09	150.93	189.18	189.42	225.84	185.11	239.80
Finland (23)	85.83	−1.8	86.42	59.22	75.57	102.13	−0.8	1.18	87.25	87.53	61.42	76.66	102.96	100.92	65.50	76.38
France (97)	152.03	+0.6	153.07	104.89	133.84	135.75	+0.3	3.33	151.16	151.63	106.39	133.35	135.33	167.36	142.72	161.40
Germany (62)	109.49	+0.2	110.24	75.55	96.40	96.40	+0.0	2.20	109.24	109.58	76.90	96.37	96.37	117.10	101.59	125.67
Hong Kong (55)	286.16	+0.2	288.14	187.45	251.87	284.98	+0.4	3.31	285.68	286.57	201.08	252.08	283.92	301.61	218.82	251.81
Ireland (15)	158.59	+0.3	159.68	109.42	139.63	155.02	+0.1	3.48	158.08	158.57	111.26	139.46	154.84	170.40	129.28	157.84
Italy (72)	68.39	+2.6	68.66	47.16	60.21	78.04	+2.4	2.00	66.62	66.83	46.69	58.78	76.15	72.82	53.78	70.31
Japan (470)	142.06	+2.5	143.04	98.02	125.09	98.02	+0.5	0.85	138.60	139.03	67.56	122.30	87.58	155.96	100.75	95.08
Malaysia (69)	323.56	−2.2	325.78	223.24	284.87	322.38	−2.1	2.09	330.69	331.71	232.75	291.74	329.28	349.34	251.66	239.81
Mexico (18)	1490.20	−1.6	1500.41	1028.17	1312.04	5076.91	−1.5	1.33	1514.18	1516.88	1065.77	1335.81	5152.81	1725.81	1410.30	1413.18
Netherland (24)	166.49	+0.2	167.63	114.87	146.59	144.26	+0.0	3.81	166.16	166.68	116.96	146.60	144.25	172.75	150.39	160.80
New Zealand (13)	49.03	−0.2	49.36	33.83	43.17	48.33	+0.3	4.61	49.11	49.27	34.57	43.33	48.20	49.82	40.56	46.46
Norway (22)	152.88	+0.5	153.94	105.46	134.61	148.06	+0.3	1.78	152.13	152.60	107.08	134.22	147.69	166.21	137.71	177.28
Singapore (38)	248.05	+0.8	246.73	169.08	215.75	184.30	+0.6	1.87	243.14	243.90	171.14	214.51	183.25	262.72	207.04	222.88
South Africa (60)	192.08	−0.5	193.40	132.53	169.11	198.69	−0.6	2.54	193.09	193.69	135.90	170.35	199.83	201.01	144.72	219.05
Spain (46)	127.73	−0.8	128.61	88.13	112.46	124.88	−0.9	4.72	128.90	129.30	90.73	113.72	128.07	132.82	115.23	150.29
Sweden (36)	165.62	−2.2	166.75	114.27	145.92	188.36	−1.3	1.79	168.41	169.94	119.24	149.47	190.79	184.06	149.70	193.52
Switzerland (52)	125.33	+0.2	126.19	86.48	110.36	117.02	−0.2	1.86	125.02	125.41	88.00	110.32	117.27	129.36	108.91	107.73
United Kingdom (219)	173.48	−0.5	174.87	119.68	152.72	174.67	−0.2	3.97	174.43	174.67	122.76	153.88	174.97	191.89	162.00	190.83
USA (516)	181.18	−0.5	182.40	124.99	159.51	181.16	−0.5	2.83	182.15	182.71	128.21	160.71	182.15	186.27	175.38	164.56
Europe (761)	142.72	+0.0	143.70	98.47	125.66	136.06	+0.0	3.26	142.78	143.22	100.50	125.97	136.08	148.02	133.92	152.83
Nordic (114)	157.23	−1.6	158.31	108.48	138.43	157.19	−1.0	1.58	159.78	160.28	112.46	140.97	158.81	171.77	142.13	179.18
Pacific Basin (713)	145.92	+2.1	146.92	100.66	128.47	104.53	+0.4	1.13	142.95	143.39	100.62	126.12	104.16	159.07	105.89	102.24
Euro-Pacific (1474)	144.50	+1.2	145.49	99.69	127.21	117.54	+0.2	1.89	142.77	143.22	100.48	125.96	117.29	154.05	117.26	122.60
North America (627)	177.96	−0.5	179.18	122.80	156.71	177.02	−0.5	2.82	178.88	179.44	125.92	157.85	177.91	182.38	171.51	162.05
Europe Ex. UK (542)	123.60	+0.3	124.45	85.30	108.85	114.23	+0.1	2.78	123.23	123.61	86.75	108.74	114.08	128.65	112.51	129.64
Pacific Ex. Japan (243)	184.12	−0.9	185.38	127.05	162.12	170.61	−0.5	3.22	185.67	186.44	130.84	164.00	171.64	194.08	152.70	172.56
World Ex. US (1660)	145.30	+1.1	146.30	100.28	127.93	116.74	+0.2	2.02	143.66	144.13	101.14	126.77	119.51	154.27	118.51	124.52
World Ex. UK (1960)	154.68	+0.6	155.74	106.73	136.20	135.15	−0.1	2.18	153.79	154.26	108.25	135.69	135.27	161.34	134.22	132.02
World Ex. So. Af. (2119)	156.20	+0.5	157.27	107.76	137.54	138.20	−0.1	2.33	155.45	155.94	109.43	137.16	138.33	162.74	137.29	136.56
World Ex. Japan (1709)	165.71	−0.4	166.85	114.34	145.92	161.69	−0.3	2.98	166.36	166.87	117.10	146.79	162.24	170.05	157.47	160.47
The World Index (2179)	156.34	+0.5	157.41	107.87	137.65	138.71	−0.1	2.33	155.81	156.09	109.53	137.30	136.84	162.88	137.32	137.08

Latest prices were unavailable for this edition.



Bosnian leader urged to drop boycott of talks

By Frances Williams in Geneva

MR Alija Izetbegovic, Bosnia's president, is under mounting pressure from all sides, including his own, to abandon his boycott of peace talks in Geneva, where the three Bosnian factions are discussing a Serb and Croat plan to divide the country into three loosely connected ethnic republics.

The seven Bosnian presidency members in Geneva for the talks said yesterday they were taking collective charge of the negotiations on Bosnia's future and would not rule out any ideas that could lead to a durable and just peace.

Lord Owen, the European Community mediator, said he had phoned Mr Izetbegovic in Sarajevo, leaving no doubt he urged him to take part in the talks. Warning that Bosnia could be "literally dismembered and destroyed" if the conflict continued, Lord Owen said crucial leaders of Bosnia's Moslems must be involved in the negotiations.

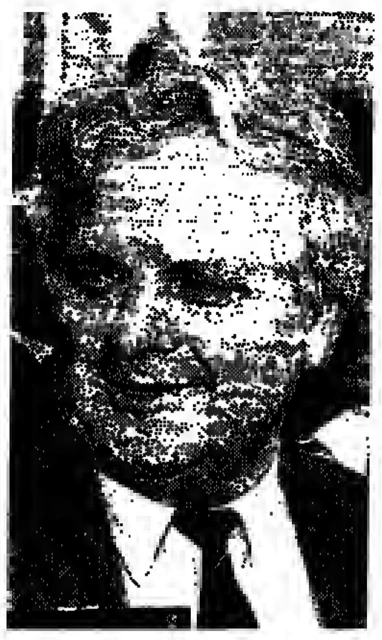
The Bosnian presidency, minus Mr Izetbegovic and his deputy, Mr Ejup Ganic, left for Zagreb yesterday and will meet the EC "troika" of foreign ministers in Brussels tomorrow. Members plan to return to Geneva for talks on Monday with Lord Owen and Mr Thorvald Stoltenberg, the United Nations mediator.

Mr Franjo Boras, a Croat and presidency head in Mr Izetbegovic's absence, yesterday denied any "coup d'état", citing Bosnia's constitution which stipulates a collective presidency with the rotating president only *primus inter pares*. Mr Boras became "acting president" after Mr Fikret Abdic, a Moslem critic of Mr Izetbegovic, waived his rights under an alphabetical order rule.

Presidency members said they were listening to all ideas and would consult with political groups in Bosnia before taking any decisions. Mr Abdic rejected accusations that the presidency, which includes Serbs and Croats, was involved in a "sell-out" of Moslems.

Mr Boras said Wednesday's meeting with the Serbian and Croatian presidents was largely concerned with nine constitutional principles on which a confederal state would be based. These principles, already agreed between the Serb and Croat sides and the international mediators, provide similar guarantees for freedom of movement, human rights and demilitarisation to the nine principles in the ill-fated Vance-Owen plan for 10 autonomous provinces.

Unlike those provinces, the constituent republics could enter into separate agreements with foreign states unless this could "damage the interests of other republics". This would let Serbs and Croats have economic and political links with their "mother" countries.



Abdic: reviled in Sarajevo

Canny survivor ready for carve-up deal

Laura Silber on the local hero on whom mediators are pinning their hopes

REVILED in Sarajevo as a traitor, Mr Fikret Abdic believes that he can save Bosnia's Moslems from annihilation.

Mr Abdic, 47, has emerged from a long silence in his home town of Velika Kladusa in north-west Bosnia to challenge President Alija Izetbegovic for leadership of the Moslems.

The bid is backed by the two international mediators, Lord Owen and Thorvald Stoltenberg, who have been frustrated by the intransigence of Mr Izetbegovic, who is clinging to the idea of a united Bosnia, which is longer on the western agenda.

The mediators are looking for an alternative Moslem to cut a deal with Bosnian Serbs and Croats on partition of the republic.

This week Mr Abdic made clear he was willing to do the job. Asked about the proposal for a three-way partition, Mr Abdic said no plan should be rejected out of hand. In defiance of Mr Izetbegovic, he joined a Bosnian presidency delegation to Geneva to begin talks on the carve-up.

Mr Abdic is no newcomer to the political scene. In his native Cazinska Krajina, a densely-populated entirely Moslem region of north-west Bosnia, he is known as Babo – Daddy in the local language. In elections for the Bosnian presidency in 1990 he won 1.2m votes – more than Mr Izetbegovic, who nevertheless became the first to hold the rotating position. Less religious than Mr Izetbegovic, Mr Abdic was always first and foremost a communist entrepreneur.

He is credited with massively enriching Cazinska Krajina, one of Bosnia's poorest regions, by building up Agrokomerc, an agroindustrial plant. His fortunes plummeted when he was imprisoned in 1987 for issuing $300m in unbacked promissory notes, Yugoslavia's biggest financial scandal.

Mr Abdic's supporters claimed he was a political prisoner framed by jealous rivals in the ruling communist party. Others said he was just one of the country's more successful white collar criminals. In any case, his stint in jail sent his popularity soaring.

However, Mr Abdic never succeeded in garnering much support within the Moslem-led Party for Democratic Action.

Throughout the vicissitudes of war he has remained in his Velika Kladusa bastion, where he dedicated himself to ensuring the survival of his enclave, one of the six-UN designated safe areas. The pocket is surrounded by Serb forces in Bosnia and neighbouring Croatia. This canny survivor has managed to keep up trade with Croatia despite the Serb blockade.

He has even traded with the Serb besiegers, not entirely surprising as Serbs and Moslems in the region have traditionally close ties having fought side by side as communist partisans in the second world war – not the case in most of Bosnia.

He was praised in a recent edition of the Serbian army magazine "Vojska" for advocating an end to the war. "Most Moslems want an end to the war and do not support the policies of Mr Izetbegovic," he was quoted as saying.

In spite of support from the international mediators and from Bosnians Serbs and Croats – all eager to see the partition of Bosnia over and done with – it would be premature to write off Mr Izetbegovic.

Mr Abdic is a local hero in his fiefdom. In Sarajevo he counts for little. After 15 months of fighting, Mr Izetbegovic has built up an army and nominated generals who are not likely to ditch him now. The Moslem-led army has in recent weeks seized Croat-held territory in central Bosnia and is unlikely to accept a carve-up.

Italy ends political control of television

THE Italian parliament yesterday approved legislation to end political control of the state-run Rai broadcasting organisation, writes Robert Graham in Rome.

The Rai board, which controls three television channels and radio, will be cut from 16 to five and appointments to it will no longer be based on party influence.

Until now, the first television channel has been controlled by the Christian Democrats, the second by the Socialists and third by the Communists. The legislation is a stop-gap measure pending a far bigger shake-up in the organisation of television.

Party may get new name

Mr Mino Martinazzoli, the Italian Christian Democrat (DC) leader, is expected to announce plans today to rename the party, writes Robert Graham.

He has apparently decided that this is the best way of signalling its desire to change. So far, his efforts to revamp the party since taking over from Mr Arnaldo Forlani last autumn has met strong resistance.

The DC's poor showing in recent municipal elections has been widely attributed to its identification with the worst excesses of the coruption scandals. All the top party figures allegedly involved in taking bribes bave refused to resign.

Montedison taken to task

The European Commission said yesterday that Montedison the Italian chemical giant broke EC rules by preventing customers from shopping across borders for its cheapest weedkiller, AP reports from Brussels.

It imposed no fine, but ruled that companies could not carve up markets for a product by marketing slightly different versions in different countries.

Between 1983 and 1988, Montedison gave its German distributor Stahler exclusive rights to its herbicide Digermin which was a slightly different, and more expensive, version of the original Italian product. Montedison and Stahler prevented customers in Germany from buying the Italian herbicide as they refused to put the Italian product on the German market.

Winners and losers in EEA

The Nordic and Alpine countries believe their iron and steel industries, along with the food and agriculture sectors, will be the chief losers in the planned free trade area with the EC, David Marsh reports.

However, the chemicals industry, electricals, electronics and tourism are all expected to benefit when the European economic area becomes operational later this year.

A survey of 300 leading companies from members of the European Free Trade Association shows enthusiasm for a single European currency.

Irish to end bar on homosexuals

Homosexuality was set to be decriminalised in Ireland last night, after a bill to amend the Offences Against the Person Act, dating from 1861, received cross-party support in parliamant). Tim Coone reports from Dublin. Private homosexual acts between consenting adults over 17 years will no longer be criminal.

Catalans wary of links with González

By Tom Burns in Madrid

SPAIN'S SOCIALIST prime minister, Mr Felipe González, is facing difficulties in bis attempt to form a stable government with the Catalan nationalists as junior coalition partners.

The Socialist leader fell short of winning an overall majority in parliament in his fourth snccessive general election victory on June 6.

Mr Jordi Pujol, the chief minister of the Barcelona-based autonomous government of Catalonia and the leader of the area's ruling Covergencia I Unio (CiU) coalition, said yesterday after talks in Madrid with Mr González that tbe Catalan nationalists would snpport a central government headed by Mr González only if the latter adopted CiU's electoral programme.

Mr Pujol, however, stopped sbort of slamming the door on a coalition government by agreeing to set up a committee, made up of senior CiU members and executives of Mr González's PSOE Socialist party, to examine the common ground between the two political groups.

The committee will have plenty to disagree about, as tbe CiU, unlike the PSOE, supports a full overhaul of Spain's rigid labour legislation, sharp spending and tax cuts, and a far-reaching privatisation programme.

The Madrid meeting amounted to a poker game in which the Catalan leader made an unexpectedly determined bid to increase self-rule in Catalonia. Mr Pujol said a precondition for any CiU support for Mr González was Madrid's acknowledgement of the idaa of fiscal co-responsihility with Catalonia.

As a first step, Madrid would have to hand over 15 per cent of the income tax raised in Catalonia to the Catalan government.

However, Mr González's party draws its main support from the underdeveloped south and west of Spain where local Socialist leaders are wary of increased privileges for the wealthy Catalan region.

PSOE suspicions of the Catalan nationalists are likely to emerge today when Mr González meets the Socialist party executive committee to report on progress towards forming a new government. The left wing of the PSOE favours a coalition witb the Communist-led coalition Izquierda Unida (IU), an option that Mr González has so far discounted.

The PSOE won 159 seats in the elections two weeks ago, 17 short of an overall majority in the 350-memher Congress chamber.

Mr González could ensure a governing majority through a coalition with either IU, which won 18 seats, or with CiU, which won 17.

The prime minister has until the middle of next month, when he faces an investiture debate in parliament, to form a coalition.

If he fails, he will have to form a minority PSOE government which would be forced to do deals, law by law, with either the Catalans or IU.

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The separatists' ceasefire of three months ago has given way to massacre, repression and more violence

Kurds' blitz follows failure of peace moves

A special forces policeman at the Turkish consulate in Munich

By John Murray Brown

THE attacks on Turkish diplomats in Europe by radical Kurdish groups yesterday mark a new phase in Turkey's eight-year separatist rebellion.

Just three months ago there was a real expectation of a breakthrough.

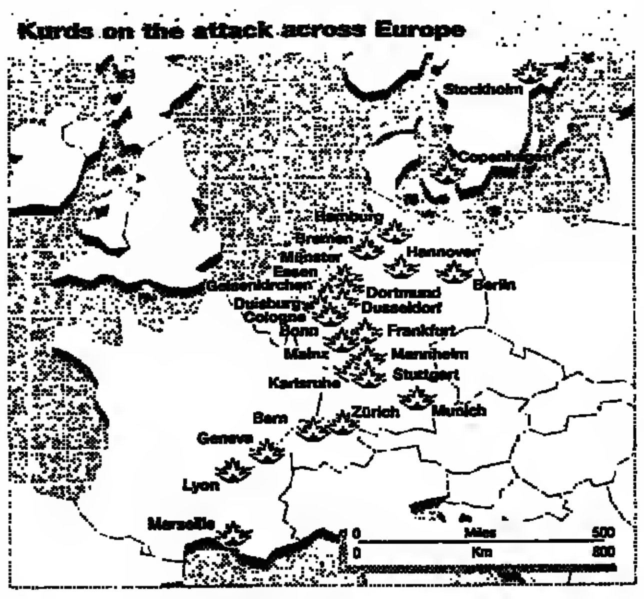
When the Kurdish separatist leader Apo Abdullah Ocalan called a unilateral ceasefire on March 20, Kurdish exiles in Europe, many of them deeply opposed to Apo's radical form of Marxism, applauded the move. The Turkish press, usually nationalistic on the Kurdish issue, urged the government to do something in response. Western governments waited expectantly.

Yesterday's attacks come at the same time as reports of a massive army operation against the rebel Kurdish Workers' Party, PKK, in the camps in the mountains near the Iraqi border.

The army offensive follows the massacre in Bingol of 33 young unarmed Turkish conscripts, who were dragged from a bus and shot at point blank range. The army operation, unlike many earlier hardline responses, appears to be endorsed by a public opinion outraged by the attack which in effect derailed the real progress that had been made.

It is hard to see how the government in Ankara could have acted differently. Diplomats say the attacks around Bingol have been particularly vicious. The massacre was seen as final evidence that from his headquarters in the Bekaa Valley in the Lebanon Apo no longer has real control over his field commanders.

Kurds on the attack across Europe



The interior minister Ismet Sezgin had earlier announced that villagers were to be allowed to re-adopt their original Kurdish names – a further concession to cultural rights of the Kurdish minority.

The attack took place on the evening that the national security council approved a limited amnesty for rebels who laid down their arms. The decree was immediately revoked.

The violant change unleashed yesterday reflects an underlying frustration of many Kurdish groups at the breakdown of the initiative begun with the ceasefire.

At the same time events have conspired against those in the Turkish administration committed to reform. In retrospect, the death of President Turgut Ozal in April is now seen as a turning point. He was perhaps the only Turkish politician courageous enough to adopt the sort of liberal policies needed to win over moderate Kurds and undermine the rural support for the rebel PKK.

During his presidency, Kurdish newspapers were allowed and a privately run Kurdish cultural institute was set up. However any further moves, such as allowing Kurdish-language television or even the teaching of Kurdish in schools have been blocked. The question of Kurdish-medium schools is not even on the horizon and political parties appealing to nationalist or separatist ideologies remain banned.

Mr Ozal's death and the political uncertainty that followed undercut the momentum for a settlement. And President Suleyman Demirel has never had the vision to see his way past the nationalist opponents of Kurdish reform.

Tourist offices, airlines and banks hit

All around 9am London time

GERMANY:
Munich: Eight gunmen took 20 hostages, threatened to set fire to building.

Demonstrators smashed up Turkish tourism offices, airlines and banks in Berlin, Hamburg, Hanover, Dortmund, Essen, Münster, Huerth near Cologne, Bonn, Frankfurt, Stuttgart, Bremen, Düsseldorf, Mainz, Duisburg, Gelsenkirchen, Karlsruhe, Ulm, Mannheim.

FRANCE:
Marseilles: About 10 hostages taken in Turkish consulate and released after 3-hour siege.

Lyons: Attack by demonstrators.

SWITZERLAND:
Berne: Demonstrator killed, eight injured in gunfire between about 60 Kurdish protesters and Turkish embassy staff.

Zurich: Seventy-eighty Kurds attacked Turkish consulate. Five attacked Turkish bank and travel agency.

Geneva: Fifteen demonstrators invaded and ransacked Turkish consulate.

DENMARK:
Copenhagen: Windows of Turkish Airlines office smashed.

SWEDEN:
Stockholm: Tourist office ransacked by five Kurds.

The PKK has already warned that it will attack Turkish tourist targets, a threat so far not carried out. However yesterday's attacks are part of an attempt by the PKK to attract renewed European attention to their cause.

Police act on Treuhand charges

By Judy Dempsey in Berlin

POLICE yesterday started investigating several investors in eastern Germany after evidence from the Treuhand, the agency charged with restructuring and privatising industry in the east, alleging corruption or misuse of funds.

Two directors of Twenty First Century, a Malaysian-based subsidiary of Dalmia, the Indian conglomerate, were temporarily detained after allegedly misusing funds granted by the Treuhand for environmental clean-up and other investments.

Dalmia had bought two east German enterprises employing more than 1,700 workers. According to the Treuhand, the company had invested only a small fraction of the DM100m (£40m) originally committed in its contract with the Treuhand.

Police have also taken action against Mr Wolfgang Greiner, who has bought 18 enterprises since late 1990 from the Treuhand's regional branch in Halle, near Leipzig. He has been accused of defrauding the Treuhand of DM24m. The agency has also heavily penalised Alcor AG, a Swiss trading house, for breach of contract because it failed to guarantee 1,700 jobs until the end of 1994. It will have to pay heavy compensation for redundancies.

The action follows a decision this week to establish a department to monitor implementation of the 40,000 sales contracta so investment commitments and job guarantees are honoured until the contracts expire. Most contracts are spread over four or five years.

A spokesman for the Treuhand said the agency was determined to close loopholes, introduce more accountability, and send a signal to those who have already bought property from the Treuhand that every contract will be monitored. He added that between 30 and 40 of the total 40,000 contracts drawn up by the Treuhand were considered "criminal cases".

German exports to Europe may fall

By Ariane Genillard in Bonn

GERMAN exports to Europe could decline by 1.5 per cent this year but North America and Asia will offer good trade prospects, the German chambers of commerce and industry (DIHT) said yesterday.

In a survey of its chambers of commerce and trade representatives in 52 countries, the DIHT said exports to the European Community, which account for 55 per cent of Germany's exports, are expected to fall by 1 per cent. Exports to countries in the European Free Trade Association could fall slightly more.

The report indicates that exports to North America could grow this year by 4 to 5 per cent, as German competitiveness is enhanced by a strong dollar. In Latin America, exports are likely to grow by 8 per cent after a 6.2 per cent rise in 1992.

The report also shows good prospects for exports to Asian countriea, except Japan. Exports to the Pacific rim could grow by 3 per cent this year but a sharp fall will continue to characterise exports to recession-struck Japan, particularly for luxury goods.

German imports from the EC, which account for three-fifths of Germany's imports, could fall by 2 per cent, the report noted. But the strong reliance of east European countries on Germany will continue to rise. Thirty per cent of exports from Hungary, Poland, the Czech republic and Slovakia go to Germany.

Meanwhile the Munich-based economic institute, Ifo, said business confidence was rising in Germany despite the continuing downturn in the economy. It also noted that many enterprises were expecting improved export conditions worldwide.

In its monthly survey of manufacturers, distributors and building companies, Ifo said that "fewer enterprises were now pessimistic about the economic prospects for Germany".

Denmark's social democrats cut top rate of income tax

DENMARK'S parliament yesterday passed by one vote a reform designed to boost economic growth and give highly taxed Danes income tax breaks over the next five years, Reuter reports from Copenhagen.

The legislation was passed by 65 votes to 64 with 50 members of the 179-seat parliament absent. The Social Democrat-led four-party government has a one-seat majority.

The cutting of Denmark's exceptionally high marginal tax rates will be financed by new green taxes on petrol, electricity, certain categories of motor vehicles, heat and water consumption.

The reform also broadens the income tax base by eliminating or reducing deductions, most notably for homeowners and increasing social security contributions by taxpayers.

The top rate of income tax will come down to around 60 per cent from just below 70 per cent, with the lowest rate down to around 40 per cent from just above 50 per cent.

But the measures, to be implemented over five years from January 1, 1994, will reduce only slightly the total Danish tax burden, which is among the highest in the world.

Opinion polls are showing plummeting support for the government, indicating that Danes are sceptical about whether they will be better off.

Prime Minister Poul Nyrup Rasmussen, who came to power in January, proposed the measures after years of failed attempts by successive centre-right minority governments to mobilise support for reforming the tax system.

The opposition Conservative and Liberal parties voted against the package after a month of parliamentary negotiations failed to reach an all-party consensus, arguing it imposed a heavy new tax burden on industry.

The government calculates this at DKr3bn ($460m) by 1998, but the Federation of Danish Industries estimates the burden at just under DKr8bn.

US and UK rap Nigeria on knuckles

By Paul Adams in Abuja and Michael Holman in London

NIGERIA'S military leader, General Ibraham Babangida, is due to make s national broadcast today outlining a new political programme following the annulment of presidential elections earlier this month.

Britain and tha US responded to the annulment yesterday by imposing minimal military sanctions – more symbolic than substantial. However, the UK Foreign Office said Britain would he having discussions with Washington and the European Community and did not rule out further action.

It urged the Nigerian government to reverse its decision, adding: "Nigeria deserves better tban a further period of unstahle and undemocratic military rule." Mr Douglas Hurd, foreign secretary, called the annulment "en attempt to subvert democracy" and said the measures were aimed specifically at the military.

British sanctions include the withdrawal of military advisers from Nigeria, a bar on new military training courses and suspension of visas for military personnel from that country.

Baroness Chalker, UK overseas development minister, called in Alhaji Abnbakar Alhaji, Nigeria's high commissioner, to express displeasure.

In Washington, the Clinton administrstion suspended $450,000 in annual aid set aside for training Nigerian military personnel, and ordered the military attaché to leave. Several US military staff in Nigeria will also return.

The State Department is to issue a travel advisory discouraging US citizens from going to Nigeria. Some 9,000 Americans live there, among them about 200 US government employees.

In the Nigerian capital, Abuja, Mr Amos Idakula, spokesman for the Social Democratic party of Mr Moshood Ahiola, who was believed to have won the election, said of the president's hroadcast: "What will the governmeot say now thet the people will believe? They have brought on a crisis of confidence."

Businessmen braced for troubles ahead

By Paul Adams in Abuja and Michael Holman in London

WITH relations between Nigeria and the west under strain after General Ibrahim Babangida's annulment of the presidential election, the country's long-suffering business community is bracing itself for difficult times.

Western threats to cut off aid and "review relations" with the military regime are being treated with caution and scepticism.

Many believe western leverage is limited. Cutting off aid, as Washington has threatened, will have little impact, unlike in Kenya where aid inflows are substantial and proved an important lever for western governments seeking political and economic reform.

"It's not as if we had great hopes for the civilian government anyway," said one businessman. "If anything we were preparing for continuing drift and mismanagement."

The country has experienced half a dozen coups since independence, endured a civil war over Biafra's secession, and seen the oil-boom years of the 1970s give way to austerity in the 1980s and 1990s. Businessmen and other ohservers acknowledge, however, that Nigeria's predicament has seldom looked so bleak.

Yet for all the difficulties, they argue, it is not a market that can be ignored. With a gross domestic product of $30bn (£20bn) and population approaching 90m it is the largest market in black Africa. Guinness, for example, sells 100m litres of stout a year in Nigeria, making it the third largest market after Ireland and the UK.

Trading conditions have long been difficult. Access to export credit facilities, for instance, are already very limited – hardly surprising given the level of arrears, mors than $600m owed to Britain alone.

The strain in relations with key trading partners does not help, but businessmen say it will not prompt any fundamental reappraisal of their own strategy.

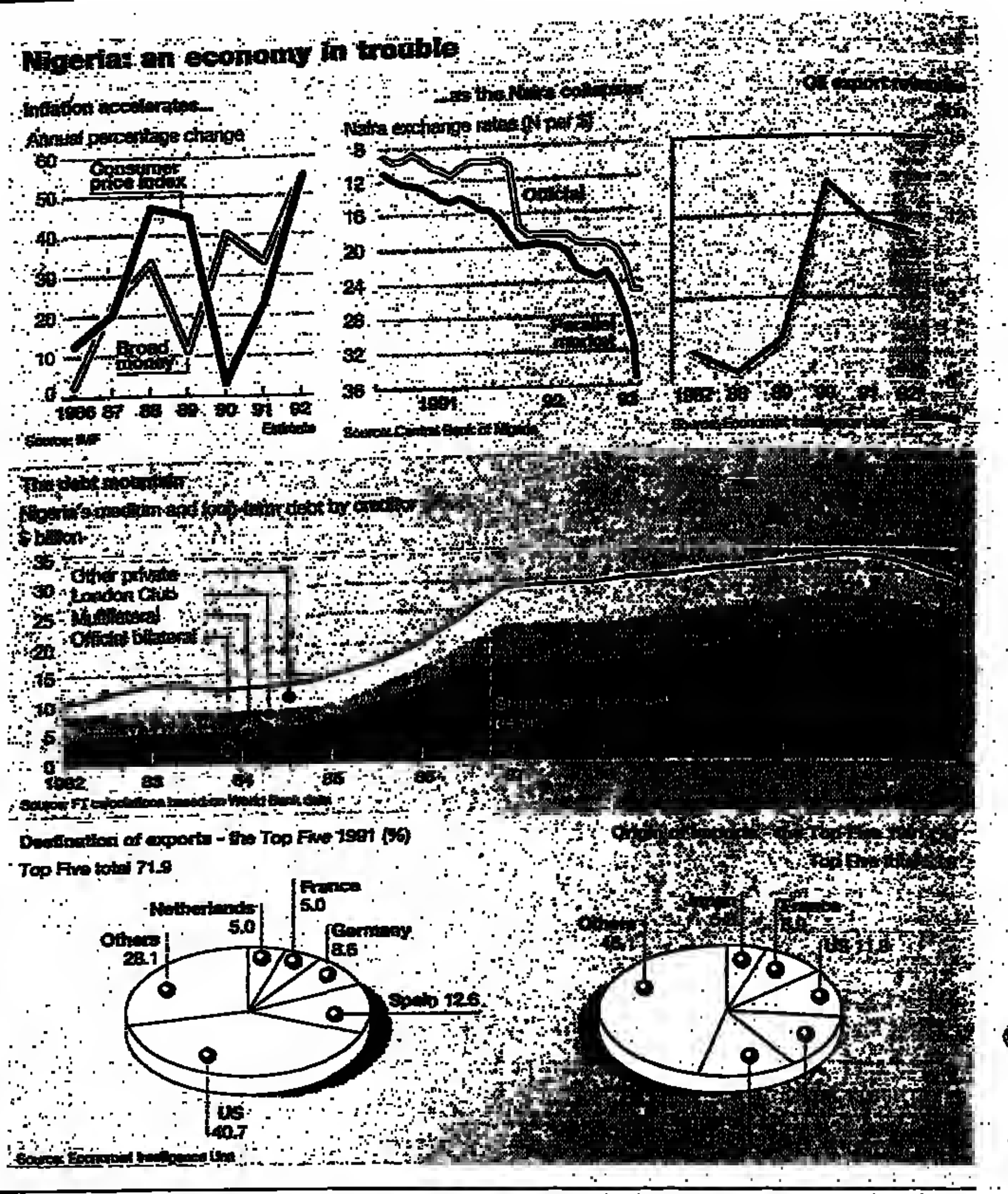
Those already operating in Nigeria will stay, accepting that the book value of their assets is nominal; those contemplating a new or additional investment would prohahly have waited until the new civilian government had established a track record.

In theory, Nigeria is most vulnerable to pressure not over trade and investment, but over its external debt of around $30bn. Servicing the debt should consume 40 per cent of export earnings. In practice, Nigeria sets aside around 25 per cent and allows arrears to mount, rising from $2.2bn at the end of 1991 to $3.4bn at the end of last year.

Without rescheduling, the debt burden becomes increasingly unmanageabla, hut rescheduling depends on renewing an International Monetary Fund agreemsnt, which lapsed more than 18 months ago. Western governments may now warn Gen Babangida that debt relief is conditional both on economic reform and on an early handover to a civilian government.

However, Gen Babangida could respond hy turning it into a populist issue, and trying to divert attention by calling attention to what ha would argue is the unfair treatment Nigeria has received from its craditors, notwithstanding deepening austerity.

As the economic pressure increases the president may contemplate declaring a moratorium on daht, putting the blame on the traditional scapegoat for African and other leaders – "outside forces".



Beijing fears grow over runaway economy

Tony Walker reports inflationary spiral and political dislocation are starting to hurt

CHINA'S official press continues to trumpet economic gains, giving front page treatment to glowing testimonials such as yesterday's People's Daily report which hailed the "surging" economy.

But at another level, officials are making little secret of their deepening concern at the government's apparent inability to slow what some are likening to a runaway train. Worries are also growing about the political costs of an overheating economy, accompanied by spiralling inflation. China's boom, while it is bringing a better life to millions, is also tending to emphasise differences between rich and poor, country and city.

Peasant unrest fuelled by heightened dissatisfaction over a widening gulf between rural and urban incomes is not the least of the government's problems at present. Fear of increasing militancy among China's 900m rural dwellers has prompted a hasty re-think of economic priorities, leading to an easing of the financial burden on hard-pressed farmers.

Measures adopted thus far to restrain the macro-economy, including credit curbs, interest rate increases and a clamp on capital spending appear to be having limited impact in the face of the economic momentum generated in the past year since paramount leader Deng Xiaoping opened the doors wider to investment, urging his countrymen to "seize the moment".

Chinese economists and western officials say that unless evidence emerges soon of the economy slowing, and perhaps more important, of inflation abating, then more decisive steps will be required. Apart from a further tightening of credit and increases in interest rates, the authorities may be obliged to consider administrative steps such as import curbs they have foresworn thus far.

Mr Wu Mingyu, a senior economic adviser to the State Council, China's cabinet, believes that while the government is on the right track in pushing ahead vigorously and courageously with market reforms, steps to cool the economy such as interest rate increases were "too little, too late."

The government's economic advisers were urging such measures three to four months earlier, he revealed, but this advice was not heeded.

Among factors thet delayed earlier action was the convening of the National People's Congress, or parliament, in March this year, that endorsed speedier economic reform. Officials reportedly did not wish to convey negative signals about the pace of reform on the eve of this important event.

Lingering concerns over appearing to contradict Mr Deng's calls for a growth spurt may also have been a factor in delaying action longer than desirable.

China's senior leader has reportedly come round to the view recently that the economy needs to be calmed; but the leadership itself is far from united on the steps required, with divisions between conservatives advocating more decisive measures and reformists, anxious that care be taken lest clumsy intervention might derail the reform process altogether.

Beijing is awash with reports that the leadership will soon convene a party plenum to dehate economic reform and more specifically how to manage the economic boom. If such a gathering materialises its main task would probably be to forge a consensus out of present differences. Mr Deng's failing health and an intensification of manoeuvring among leadership contenders is adding to uncertainties.

With each succeeding day more evidence accumulates that China's economy is continuing to defy relatively puny official efforts to restrain it. The International Monetary Fund acknowledged this week that its forecast of 8.5 per cent would vastly understate China's growth this year in view of the fact that China's industrial output continued to accelerate in April and May. Output was up by 24 per cent in the first five months of the year, compared with last year.

China's State Planning Commission this week reported that the economy would grow by 13-14 per cent in the first six months of the year, compared with a rate of 12.8 per cent last year, and a forecast 9 per cent for the whole of this year. GNP growth in the first quarter exceeded 15 per cent.

Among stark figures that underline difficulties facing the government are those that show that in spite of much talk about restraining capital spending, investment in fixed assets actually surged in May by 53.8bn ($35.2bn), equivalent to one third of the $150bn total for the first five months of this year.

The government is also wrestling with a deteriorating trade balance, continued pressure on the depreciating yuan and inflation that reached an annualised 17 per cent in the first quarter in China's 35 larger cities, and which is almost certainly continuing its upward spiral in the absence of tougher measures to lessen demand. Government jitters over the economy are likely to intensify as the social costs of inflation bite harder.

China's trade deficit stretched to $3.1bn in the first five months on imports of $33.3bn, an increase of 26.9 per cent over last year, against exports of $30.2bn, up just 8.2 per cent. The import binge is unlikely to be allowed to continue in spite of grand diplomatically inspired buying pledges that have more to do with China seeking to demonstrate its political value to a recession-plagued west than they do with the country's real financial circumstances.

China's fast-depreciating yuan is an almost certain cause of nervousness in Beijing at present with no real sign that the local currency has reached a floor since it was allowed to float from June 1 at official swap centres, sliding about 25 per cent against the dollar on the first day, and slipping further since.

In the absence of signs of a firm hand in control of the economy the currency will almost certainly continue to drift lower and nervousness among foreign investors will increase.

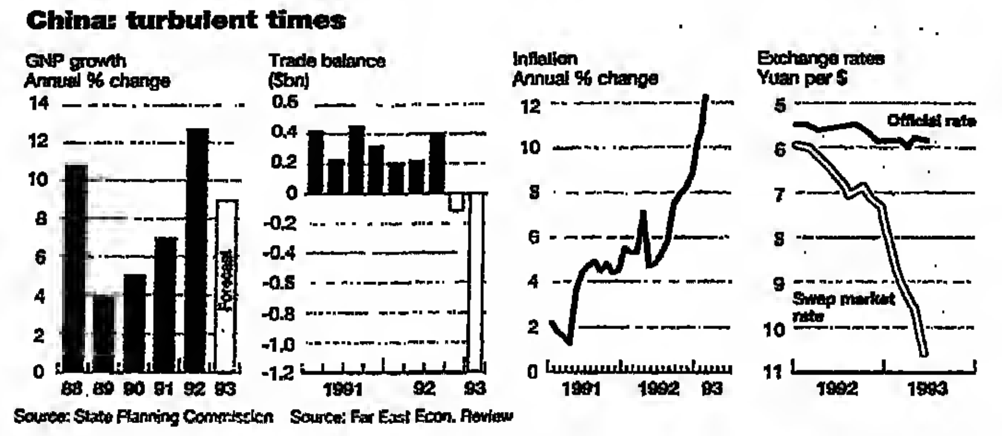
Chinese officials face difficult decisions before they depart Beijing next month for their summer vacations. As a western economist said: "They face a practical problem what to do: they fear that anything they do will result in a harder rather than a softer landing. But the longer they hold off, the harder the landing will be."

Mr Li Peng, the Chinese premier, yesterday admitted for the first time that he had been sidelined for nearly two months with a heart condition, writes Tony Walker in Beijing. Previously Chinese officials had insisted he was suffering from a bad cold.

Mr Li made reference to his health problem at the end of a meeting yesterday in Beijing with Mr Paul Keating, the visiting Australian prime minister. China's premier said he had suffered a bad cold in late April, and an ensuing medical check-up had "showed that I also suffered from a minor heart condition".

"I have now recovered quite well, following a period of medical treatment and rest. The doctors still advise me not to attend too many activities," Mr Li said. His admission follows weeks of speculation about his health. He disappeared from view in late April and did not re-emerge until last week.

China: turbulent times



Source: State Planning Commission Source: Far East Econ. Review

Japanese party finds fund raising harder

By Emiko Terazono in Tokyo

UNCERTAINTY over the future of Japan's ruling Liberal Democratic party (LDP) has prompted the country's leading banks to reconsider loans to the party.

The LDP asked the banks for Y20bn ($187m) in low-interest loans, but the banks are likely to scale down the amount to Y15bn following the split in the party earlier this week. Until now, the LDP's ability to maintain stable rule over the country had served as a "collateral" for bank loans.

Meanwhile, Japanese business groups, which have traditionally backed the LDP, expressed the need for a more flexible approach.

Although Mr Gaishi Hiraiwa, chairman of the Keidanren, the most powerful group of business leaders federation of economic organisations, which donates an annual Y12bn to the LDP, has pledged its continued LDP support, leaders of the Keizai Doyukai, the Japan association of corporate executives, and the Nikkeiren – the Japanese federation of employers' associations – said political donations should be made on the basis of party platforms.

The construction industry, known for its strong ties with LDP politicians, is also reviewing rules for political donations. A study group for the association of leading contractors is considering prohibiting donations to individual politicians.

NEWS IN BRIEF

Oxfam condemns sealing of Gaza

PALESTINIANS in the Israeli-occupied Gaza Strip face a mounting economic "disaster likely to spiral out of control... resulting in the total disruption of people's lives", according to a British charity, writes Julian Ozanne in Gaza.

In a draft report Oxfam, one of the largest UK aid agencies, says the decision by Israel to seal off the occupied territories in late March stripped tens of thousands of Gazans of their livelihood. "The population faces the prospect of hunger and total immiseration if no action is taken," Oxfam says.

Israel has slightly eased the closure recently by granting temporary travel permits to 14,000-19,000 Gazan migrant workers to resume their jobs in Israel. When Israel closed the territories, about 45,000 migrant workers were put out of work.

Timorese quit embassies

Seven East Timorese who occupied the Swedish and Finnish embassies in Jakarta began leaving yesterday after the countries declined to grant them diplomatic asylum, write William Keeling in Jakarta and Peter Wise in Lisbon. The men, who had claimed political persecution by the Indonesian government, were later quoted as saying they had been given assurances they would not be arrested. The incident had threatened to embarrass President Suharto's government before a meeting of international donors in Paris starting Monday at which about $5bn in aid is expected to be pledged.

Army 'open' to Khmer Rouge

A general in Cambodia's army, which has been battling the Khmer Rouge since 1979, has said the guerrillas may join the newly unified armed forces, Reuter reports from Phnom Penh. "We leave the door open for any factions who have not joined us," a United Nations official yesterday quoted General Pol Sarin, chief of general staff, as saying.

Chinese airliner hijacked

A Chinese man with a toy gun and a knife hijacked a Chinese airliner to Taiwan yesterday, AP reports from Taipei. He surrendered shouting slogans of Taiwan's Nationalist government. The Boeing 737, carrying 62 passengers and nine crew members, all Chinese, was sent back to China three hours later and landed in the southern city of Xiamen.

UN posts reward for Aideed

The United Nations yesterday distributed posters in Mogadishu offering a reward for Gen Mohamed Farah Aideed, Reuter reports from Mogadishu. But enraged supporters of the general tore them up and offered their own reward for the arrest of the UN special envoy for Somalia, retired US Admiral Jonathan Howe.

Some Somalis said the posters were dropped from helicopters, but the United Nations says they might also have been distributed by dumped them off the back of trucks.

China puts HIV cases at 1,000

China now has more than 1,000 people infected with the virus that causes Aids, state radio said yesterday, Reuter reports from Beijing. At the end of May, China had registered 1,106 cases of people infected with HIV, the virus that causes Acquired Immune Deficiency Syndrome. Foreigners accounted for 189 of the cases, ths radio said.

Of the 14 who had developed full-fledged cases of Aids, 10 people had died. The radio said the cases were spread across 19 provinces and regions. While most of those infected were drug addicts, officials are concerned about an increase in the number who have caught the disease while abroad as tourists or workers.

Australia increases tax take

THE Australian government has reduced its 1992-93 budget deficit estimate from A$15.9bn (US$10.8bn) to A$15bn because of a higher than expected collection of company tax and an underspending on infrastructure works, writes Emilia Tagaza in Melbourne.

Australian company profits rose 24 per cent during the March 1993 quarter to a near-record A$4.89bn. The increase was due mainly to the shrinking burden of interest costs.

But Mr John Dawkins, federal treasnrer, said the improved outcome would not affect the A$18bn starting deficit expected in 1993-94.

The government has begun looking for savings in next year's budget.

Bruce Jacques adds from Sydney: Mr Allan Hawkins, former chief of the collapsed Equiticorp investment group, has been charged by the Australian Securities Commission (ASC) with breaches of corporate law.

Mr Hawkins is serving a six-year term in Auckland after being jailed in February this year by the High Court of New Zealand on fraud and conspiracy charges. The sentence includes a non-parole period of three years.

Equiticorp, founded by Mr Hawkins in 1984, collapsed in 1989 with debts estimated at almost $A4bn.

Morocco goes to the polls today, but the king will continue to rule

Freer election will help soften monarch's feudal image, writes **Francis Ghilès**

IF THE first general elections to be held in Morocco in nine years do anything at all, it will be to soften the "feudal" image many foreign observers have of King Hassan.

Some 11.5m Moroccans go to the polls today, most with the secret hope that the results will be closer to the ballot papers cast than has traditionally been the case.

If so, many Moroccans are likely to be encouraged in their hope that the king is seeking to hroaden the narrow group of advisers and senior industrialists around him to include younger technocrats and businessmen.

A new constitution endorsed by 99.96 per cent of the electorate last September requires the government to reflect the balance of forces in parliament. For his part, King Hassan has made public his wish to delegate some powers in recognition of changes in the kingdom over the past 20 years.

Local elections in October last year were, by common consent, reasonably free. Provincial governors and other local officials brought less pressure to bear on voters than is customary. The amount of cash wielded by certain candidates, notably in the northern Rif region around Tangiers, provoked a public outcry, and the authorities were forced to bar some of them.

The money is believed to come from the export, worth up to $2bn a year, of locally-grown cannabis, a long-standing mainstay of this traditionally poor region. The fact that most of the barred candidates belonged to the Constitutional Union (UC) and the National Assembly of Independents (RNI), the two key parties of government in the past eight years, embarrassed the government, which was seeking help from the European Community to eradicate cannabis and develop the north economically at the time.

At the same time the opposition is pleased that the electoral register has been computerised and that 60,000 voters who appeared to enjoy the privilege of voting in two places will now enjoydoing so in one.

Over the past 10 years, political parties have been allowed to speak out on a range of issues, including the increased inequality which has resulted from successive International Monetary Fund-hacked economic restructuring programmes. But direct criticism of the monarch is out.

The authorities have been ruthless with any opposition that is 'off limits', especially on West Sahara

The authorities have been ruthless with any opposition that is "off limits", especially on Morocco's West Saharan policy. Last April, the international human rights organisation Amnesty International alleged that, despite "positive changes in recent years", hundreds of people who had "disappeared" for more than 10 years were still unaccounted for. The majority of "disappearance" victims have been from Western Sahara.

Today polling will take place in the Western Saharan provinces, as it did in 1984 and 1992, in spite of the fact that Moroccan sovereignty is not recognised by the UN and leading western powers.

The election is for 222 constituencies in the 333-seat parliament. (The remaining seats will be filled hy members elected from local councils and professional bodies.)

The main opposition comes in the form of an alliance of four parties, the two most important of which are the nationalist Istiqlal party and the Socialist Union of Popular Forces (USFP).

Meanwhile, Mr Abdeslam Yassine, who leads the radical Islamic Al Adl Wal-Ishan (Justice and Improvement) movement, remains under house arrest, and the party is barred from contesting the poll.

The government-supporting RNI is led by the king's brother-in-law and former prime minister, Mr Ahmed Osman, and the UC by another former prime minister, Mr Maati Bouabid. Both parties are broad chapels in which personal and clan rivalries matter more than ideological differences.

The main battle is to convince the electorate that casting a vote will make a difference to their lives. Some two thirds of the population are illiterate and economic restructuring in the past decade has increased extremes of wealth and poverty.

A second year of drought last year and a poor cereal crop that cut gross domestic product by 3.5 per cent means that the half of the population that lives on the land may have more pressing matters to attend to.

Many ordinary Moroccans would not dream of voting for an "opposition" party – for them that would be tantamount to sacrilege. The King of Morocco, scion of an Alaoui dynasty that has ruled the country since the 17th century, remains the real fount of all power, be it religious, symbolic or economic. Last September, the king repeated his view that the doctrine of Islam forbids him to reign without ruling.

Most observers expect senior members of USFP and Istiqlal to join some form of coalition government. King Hassan has consistently demonstrated finely-tuned political antennae, time and again outmanoeuvring the opposition with a bold gesture. To pursue and deepen his dialogue with the EC, he knows that he must movs beyond the trappings of democracy. The next government will provide a clearer indication of the speed at which the monarch wishes to travel.

Eight charged with trying to kill UN chief

By Karen Zagor in New York

EIGHT men described as Moslem fundamentalists have been arrested in New York for allegedly plotting a terror campaign in Manhattan, officials said yesterday.

The suspects are accused of planning to assassinate United Nations secretary-general Boutros Boutros Ghali, Egypt's President Hosni Mubarak and New York Senator Alphonse D'Amato, among others.

They were also said to be planning to bomb the UN headquarters in New York and one of the main artery tunnels linking Manhattan to New Jersey.

The arrests come nearly four months after a bomb exploded at New York's World Trade Centre, in the worst act of terrorism on US soil.

Mr William Sessions, director of the Federal Bureau of Investigation, said the acts planned by the suspects involved the same kind of nitrate bombs as those used in the World Trade Centre blast.

Those arrested – Egyptians, Palestinians and Americans – are believed to have ties to Sheikh Omar Abdul-Rahman, the blind Egyptian preacber who allegedly inspired the World Trade Centre bombers.

Sheikh Abdul-Rahman, who has condemned the trade centre bombing, is appealing against a deportation order from the US.

Before the explosion, which killed six people and injured 1,000, the US had been largely free from acts of international terrorism.

In Washington, Mr D'Amato said he expected attempted terrorist attacks to increase in the US. "We are going to have to be more vigilant," he said.

An FBI court filing describes Mr Siddig Ibrahim Siddig Ali of Jersey City as the central figure in the conspiracy.

The complaint alleges that Mr Siddig suggested detonating a car bomb in the UN complex, and that he had taken part in a test explosion before the actual bombing of the trade centre.

The trials of suspects in the World Trade Centre bombing are scheduled to begin in September.

Deficit bill inches through Senate

By Jurek Martin in Washington

THE US Senate yesterday moved slowly but inexorably towards passing ths Democratic majority's version of President Bill Clinton's $500bn (£333.3bn) five-year deficit reduction plan.

In the morning, interrupting a debate conspicuous for its partisan theatrical rhetoric, tha Democrats beat back, on a 50-48 vote, a last-ditch Republican attempt to kill the proposed increase of 4.3 cents a gallon in fuel taxes.

On Wednesday night, a hastily cobbled together Republican alternative deficit package was defeated 55-43. There was one defection from the party line on each side: Senators Richard Shelby, the Democrat from Alabama, who invariably votes against his own party, and James Jeffords, the independent-minded moderats Republican from Vermont.

The Republican proposal claimed to be able to achieve the same budgetary goal without any tax increases. It would have capped spending on federal entitlement programmes and frozen most other disbursements at current levels.

Budget director Leon Panetta denounced Republican alternative proposals on deficit cutting

Mr Leon Panetta, budget director, denounced it as a step backward to "trickle-down economics" that rides "to the rescue of wealthy Americans in the country and sacrifices the middle class in the process".

Democratic causes did not emerge unscathed. Senator George Mitchell, the majority leader, had to accept defeat of his amendment to restore some $3.6bn in tax breaks for small businesses. Four Democratic Senators joined the Republican minority to deny it the three-fifths majority required, but Mr Mitcheli said he would introduce another variation.

Liberal Democrats were also intent on forcing a vote on an amendment reducing the scala of the proposed cuts in Medicare payments, and claimed some support from Mr Clinton. Even if they do not succeed in the Senate round, a compromise between the Senate and House bills may ultimately achieve their goal.

The White House remained cautiously optimistic the bill would pass. Vice President Al Gore, who is also Senate chairman, was on band to cast any necessary deciding vote. Mr Clinton himself was reported to be diligently working the phones from the Oval Office.

World growth to hit 1.5%

WORLD economic growth will continua sluggish this year, running at 1.5 per cent, but should double next year to 3 per cent, according to a UN survey published yesterday, reports Michael Littlejohns, from New York.

The Russian and other economies in transition following the collapse of the communist system are forecast to record a further 10 per cent fall in output after last year's 17 per cent decline.

Continued strong economic growth – 5.5 to 6 per cent – is projected for most Asian countries with China registering a remarkabla 11 per cent increase following last year's rise of almost 13 per cent.

UN forecasters, who claim a better track record than the World Bank and the IMF warned the Chinese economy was in danger of over-heating because of rapid growth in money supply and inadequate government revenues.

The report said a hesitant recovery appeared under way in the US, Britain and Canada. However, Japan's output would grow only slightly – 1.5 per cent against 1.3 per cent in 1992 – while Germany's would decline by 0.5 per cent, and French and Italian outpnt would slow.

Where companies own the mines, but the union owns the towns

Laurie Morse visits America's strike-ridden coal country

ABOUT 60 miles southeast of St Louis, Missouri, just after county highway 13 splits off on its own and crosses the Kaskaskia river, the first hand-lettered sign appears on the roadside: "This is UMWA Country."

As the road travels south and east the signs get thicker and more insistent. Tiny towns appear every five miles or so, linked by country roads trimmed with ditches overgrown with sweet clover, orange lilies and cheat. "Peabody guilty of unfair labour practices," neat white signs on the lawns of modest midwestern houses declare.

Peabody, a subsidiary of Hanson of the UK, owns the coal fields, but the United Mineworkers Union of America owns the towns. The coal mines that run beneath most of this rural acreage and feed the area's families and economy are fallow, shut down by a selective strike begun by the UMWA on May 10.

The UMWA has been without a contract with the nation's biggest coal companies, represented by the Bituminous Coal Operators Association, since February 1. At issue is job security, with union miners seeking a contract guarantee to receivs jobs at any new mines BCOA companies or their subsidiaries open.

The union has escalated the strike gradually, until about 14,000 of its 60,000 miners are on ths picket lines and all the BCOA companies have been targeted. The union proposes to add to the strike until the BCOA gives in.

The BCOA contends union miners are less productive than non-union colliers. In a press conference on Wednesday, Mr B R "Bobby" Brown, president of Consol Energy and chief negotiator for the BCOA was firm: "The BCOA will not give every new job to the UMWA. The BCOA will not structure the contract to aid union organising."

Mr Richard Trumka, UMWA president, says BCOA companies have circumvented the 1988 labour agreement by opening new mines under snbsidiaries they claim are not bound to the union. Both sides are finding excuses not to return to the bargaining table.

Marissa, Illinois sits in coal country, a region known geologically as the Illinois basin, a bowl-shaped lump of coal touching five states wbere reserves are enormous, barely tapped, and sufficient to power the US for hundreds of years.

Peabody mines here, with Arch Minerals, and Consolidated Coal Company, which is partly owned by the German company Rheinbraun AG. Unlike Arch and Consol, Peabody is not yet operating non-union mines, but may join the trend with a subsidiary, Premier.

As the powsr companies pay more to clean up their emissions to meet clean air regulations, they compensate by paying less for the "dirty" coal. Some ntilities have turned away from coal altogether, and use alternative fuels. Illinois coal prices have dropped to $22 a ton in the 1990s from more than $60 during the 1970s coal boom.

The resulting slump has led to a rash of mine sales and consolidations. Mr George "Sam" Shiflett, president of Peabody coal and chairman of ths BCOA, says to remain competitive coal companies need more flexibility than the union contract allows. The strike, he says, risks losing the company's utility contracts, and could shut the mines permanently.

With about 10,000 union miners in Illinois already unemployed, the strike could seriously damage the union and its members. However, Mr John Cox, regional director of the UMWA and a veteran organiser, insists that job security at stake in the strike are all the more vital because of the economic climate.

He cites union demographics. The average age of a UMWA miner is 46, up from 26 in 1973. Too young to retire and too old to start a second career, they want security, not higher wages and benefits.

Near strike headquarters in Marissa, Peabody's Baldwin mine is tapped out and slated to close in three months, strike or no strike. If Peabody opens a new hole nearby under the Premier name, miners such as Mr Steve Hodges, a fourth generation UMWA miner who has worked for Peabody for 20 of his 38 years, are not likely to be hired.

Mr Hodges' only means of keeping his family's generous health benefits, vacations, and a $20-per-hour wage is to be successful in the strike. Otherwise, he says, he will be on the street, looking for work at $5 per hour. Peabody made millions of dollars from its mines last year, he says, and should want his experienced labour.

'Quad' talks on market access fail

By David Dodwell, World Trade Editor, in Tokyo

BRINKMANSHIP by leading industrial nations over a big trade liberalisation package is to be pushed to the very eve of next month's Group of Seven summit at which it is due to be presented.

This follows the failure of trade ministers, meeting in Tokyo yesterday, to settle long-standing differences on opening their markets.

"It is unfortunate that we could not come to a full agreement," said one Japanese participant, adding however that as a result of two days of sometimes acrimonious debate, negotiators had "become rather more realistic".

The so-called "quad" trade ministers – from Canada, Japan, the US and the European Community – instructed officials to hold one further round of negotiations in Toronto next week. They themselves are to hold a special meeting on July 6, the eve of the Tokyo G7 summit, when they hope to agree a "balanced and broad" package of tariff cuts in manufactures, and market opening in services.

Hopes have been raised that this big market access package could be used as a springboard for winning broad international backing for global trade reform under the long-delayed Uruguay Round. This in turn would provide a fillip to the recession-hit world economy.

Putting a brave face on events, Sir Leon Brittan, EC trade commissioner, said that yesterday's failure was "not surprising, given the magnitude of our ambitions". His US counterpart, Mr Mickey Kantor, pointed out that he had "never been in a negotiation that ended before it had to... It is neither surprising, nor disturbing that we did not reach a conclusion today".

Strongly held differences emerged at the outset of the meeting, when EC negotiators effectively withdrew earlier market-opening commitments, arguing that they had been made on the assumption of big cuts in US textile tariffs, which range from 30 to 40 per cent. In the event, the textile proposal fell far short of expected levels, averaging cuts of about a third, and including many exceptions.

Brinkmanship on package pushed to eve of July's G7 summit

Other critical stumbling blocks included the EC's unwillingness to make deep cuts in its tariffs on non-ferrous metals and aluminium, and Japan's refusal to drop tariffs on spirits and wood products.

Sir Leon said he would make no prediction about progress between now and July 6. He insisted, however, that the package had to include "something that is balanced and broad" – balanced, "otherwise other industrial and developing countries will not go along with it", and broad and deep, "or it won't address the needs that the world economy presents".

Brave faces, guarded pessimism

David Dodwell and Michiyo Nakamoto on the mood in Tokyo

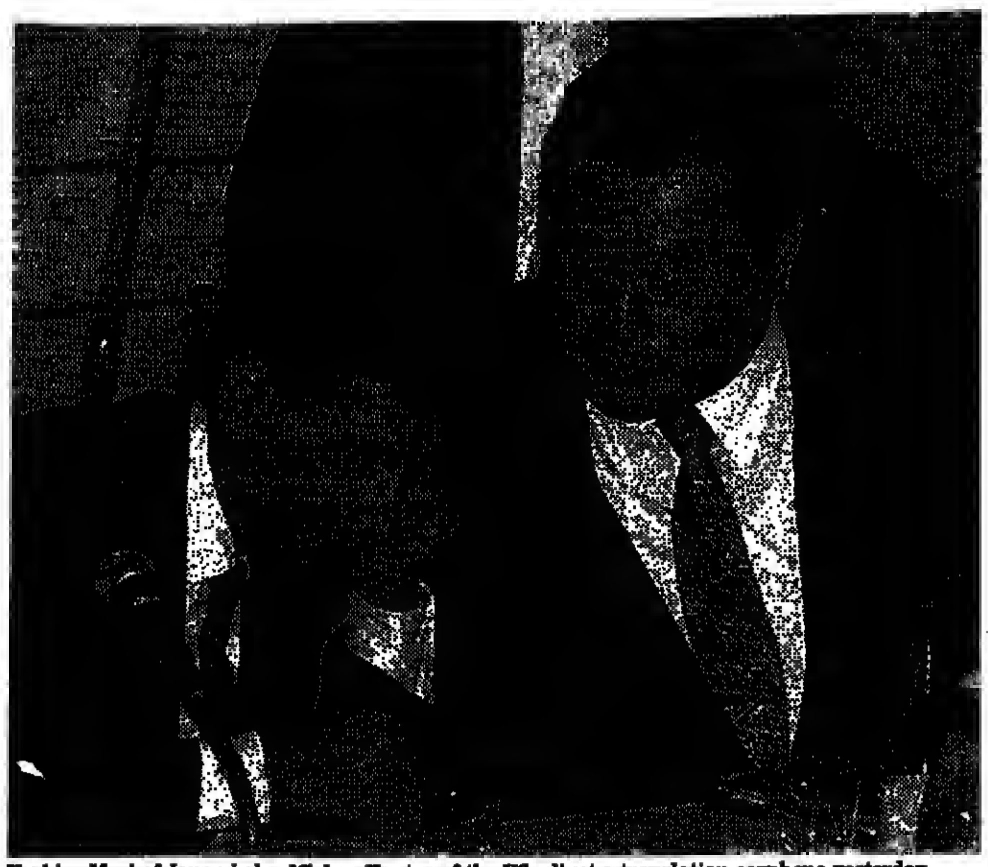
MR MICKEY Kantor, the US trade representative, put a brave face on it: "I have never been in a negotiation that ended before it had to," he said yesterday as trade ministers from the "quad" countries of Japan, the European Community, Canada and Japan faltered in their efforts to agree an ambitious tariff-cutting package before the Group of Seven summit in Tokyo next month.

"Until you get to the final day, it will not end. It's neither surprising nor disturbing that we did not reach a conclusion today."

Mr Kantor was commenting on two difficult days in Tokyo where disappointment over US proposals for cutting tariffs protecting American textile companies, coupled with EC and Japanese refusal to slash tariffs on spirits, wood products, non-ferrous metals and computer parts, crushed hopes of any substantial trade liberalising package being finalised then for the G7 summit next month.

Their failure puts in jeopardy the ability of leaders of the industrial world to present at the G7 summit a package of reforms to revive the global economy from its current dogged recession. What is more serious, the failure raises fresh doubts over whether the long-delayed Uruguay Round of international trade liberalisation can be wrapped up by mid-December.

Other trade ministers euphemistically referred to the vexations of the past week as the "most intensive" negotiations so far held by the ministers. The mood contrasted sharply with optimism when they last met in Paris two weeks ago. There, Mr Kantor talked of being "at last in striking distance of the largest market access package in history".



Yoshiro Mori of Japan helps Mickey Kantor of the US adjust a translation earphone yesterday

A Japanese negotiator talked yesterday of discussions becoming "rather more realistic".

"It was unfortunate that we could not come to a full agreement – which was our target. But we have two weeks to find a package and report," he said.

Sir Leon Brittan, the EC trade commissioner, said: "Everyone will go back to their capitals, take stock, and see whether the progress so far is adequate for the relaunch of the Uruguay Round, or whether they need to put more into the pot."

Negotiators in Tokyo yesterday remained convinced that a "big package" of tariff cuts among the quad countries (which account for about two-thirds of world trade) was essential if other industrial countries, and those in the developing world, were to be persuaded to commit themselves to an ambitious Uruguay Round package of trade liberalisation.

They decided to hold a further week of official-level talks and a ministerial meeting in Tokyo on July 6 – the eve of the G7 summit – in a last effort to reach a deal that could be presented to G7 heads of state. The hope is that negotiations could then be transferred to the General Agreement on Tariffs and Trade in Geneva for their bilateral commitments to be "multilateralised" by the other 111 contracting parties.

But they could point to little headway in Tokyo, nor convey any optimism that their so-far intractable disagreements could be resolved by the G7 meeting. Most conspicuously, US proposals to cut peak duties protecting American textile companies have been dismissed as "unsellable". The EC appears unable to meet demands for tariff cuts for computer parts and aluminium, while Japan has drawn criticism for its truculence over liberalisation of the markets in distilled spirits and wood products.

Details of differences were kept secret yesterday: "The closer you get to the end, the more damaging it is to go into detail," said Sir Leon.

On a positive note, Japan offered to deregulate its welfare pension fund market to allow foreign fund managers greater access. This is expected to raise the foreign share of the welfare pension funds market significantly from the current 0.1 per cent.

Although Sir Leon remains optimistic that further progress can be made before the G7, he was careful not to raise unrealistic hopes. "We have got what we have in the kitty now and if that's all there is, that's all there is."

Others close to the talks were even more cautious. "Areas where the ministers could not agree, officials will not either," said one.

Even if they did, the task of winning wider international approval and a Uruguay Round settlement is far from simple:

- Mr Peter Sutherland, who succeeds Mr Arthur Dunkel as director general of Gatt on July 1, will find himself in the thick of complex negotiations among more than 100 nations just days after coming into office.
- Long-festering conflicts would have to be settled between July and December. They include reform of farm trade, Japanese and Korean refusal to open markets to rice imports, procurement rules, procedures for settling trade disputes, and a new, stronger international trade watchdog to be called the Multilateral Trade Organisation.

Australia presses China to cut wool tariffs

AUSTRALIA'S prime minister urged China yesterday to lower tariffs and reduce quotas on wool imports as a further step towards satisfying requirements for membership of the General Agreement on Tariffs and Trade, Tony Walker reports from Beijing.

Mr Paul Keating, on a two-day visit to Beijing, also held out the prospect of a closer partnership between the two countries in the production of woollen items. China imports about 86 per cent of its raw wool needs.

Its import duties on textile fibres, yarns and fabrics far exceed those of neighbours like Japan and South Korea, ranging from 15 per cent on greasy wool to 100 per cent on wool fabrics.

Australia is sitting on a huge stockpile of wool which has depressed the market to its lowest level in years.

Fujitsu US sells supercomputer

Fujitsu America, US arm of Japan's largest computer company, has won an order for what it claims will be the fastest single processor supercomputer installed in the US, writes Louise Kehoe from San Francisco.

The sale, to Time Slice, a Houston computing services company, is Fujitsu America's second in the US since it entered the market last year. It outbid Cray Research, the leading US supercomputer manufacturer.

A long history of US-Japan trade disputes over public sector purchases of supercomputers makes Japanese efforts to enter the US market politically sensitive. Fujitsu appears to be avoiding political backlash by focusing on the commercial sector to establish itself in the US.

Earth-mover joint venture

Terex Equipment of the UK has signed a $5.5m joint venture agreement in China to manufacture earth-moving equipment, writes Tony Walker. It is Terex's second such venture in China.

Weili Terex, a venture with the Linyi Machinery Construction Factory, will produce Terex's five-model range of wheeled loaders and articulated dump trucks.

Terex's other venture, located in Inner Mongolia, has produced about 300 45-tonne trucks from kits supplied by the UK company.

AEG in rail deal with Czechs

Germany's AEG and CKD of Prague have formed a joint venture to make rail systems which could employ up to 2,000 people in the Czech Republic by next year, the Daimler-Benz subsidiary has announced Christopher Parkes reports from Frankfurt.

The link with the Czech group, internationally known for its Tatra brand trams, is expected to generate sales this year of DM170m (£68m) rising to DM300m in 1994.

The German group, which will have a 55 per cent stake in the venture, said investments could reach DM100m in the medium term.

US sets conditions for delaying sanctions against Japan

By Nancy Dunne in Washington

THE US has agreed to delay sanctions against Japan in its dispute over government procurement of construction services, on condition that the Japanese agree to talk about opening the entire market to foreign contractors.

Furthermore, the US wants Tokyo to agree to an extensive negotiating agenda designed to end the Japan's exclusive bidding system, increase its anti-trust enforcement and agree to a series of "quantitative indicators" to measure progress.

Several quantitative indicators have been suggested, such as: the number of foreign company contracts won in Japan compared with those in Europe; volume of exports; number of winning foreign bids; joint ventures in which foreign companies are the prime contractors; the number of foreign engineers assigned to joint venture projects.

Under US law, sanctions are due to be announced next Wednesday. However, Mr Mickey Kantor, US trade representative, has the flexibility to delay retaliation if the reprieve is seen to be in the national interest.

A senior US Commerce Department official said sanctions at this time could severely damage the prospects for key talks to establish a bilateral trade negotiating framework and complete a tariff reduction package for the Uruguay Round.

"What we're asking for is within the power of the bureaucracy to agree," he said. US negotiators were still waiting optimistically for their Japanese counterparts to respond to their proposal.

The Clinton administration was not caught unprepared by last week's collapse of the Japanese government. It sees the possibility of long-term gains from the installation of a reform-minded regime. The next government is expected to be installed and operating by the end of July.

Administration officials believe that, despite the "dead body" in power, deals can be done with the powerful bureaucracy, but completion of pacts will be more difficult. Historically, it has been elected officials who usually pressure the bureaucracy to take the final steps needed for breakthroughs.

If there is any consensus at all in Washington on trade, it is that Japan is the "outlaw" in the world trading system. US officials say past bilateral negotiations produced few real market openings because Japan does not follow the operations of the free market in an orthodox way.

"Experience has shown that [the other trade agreements] didn't go far enough," the senior official said.

Intensive reviews of the pacts usually revealed that the Japanese met their commitments to take agreed steps, but what would work in a typical market system "makes no difference" in trying to gain access to the Japanese market.

India clears way for rush of new foreign investment

By Shiraz Sidhva in New Delhi

THE Indian government yesterday gave the go-ahead for direct foreign investment proposals worth Rs6.17bn (£129.5m).

The decision opens the way for eight big foreign companies to enter newly-liberalised Indian markets.

These include Coca Cola and Pepsico, the US soft drinks giants, Peugeot, the French car manufacturer, finance companies GE Capital and Morgan Stanley, Nippon Denro, the Japanese steel manufacturer, and the Scotch whisky maker Seagram and United Distillers, the spirits arm of Guinness.

Coca Cola will return to India 15 years after it was evicted by the Janata government of 1977. Coca Cola South Asia will promote a new wholly-owned venture in India, with a capital of $20m (£13.3m). The proposal projects exports over the first seven years, with export earnings expected to exceed the import cost of raw material, and has offered to reinvest the dividends in India for that period.

The cabinet committee on foreign investment has also allowed Pepsico to raise its equity to 51 per cent and become the main shareholder of Pepsi foods, which was allowed into India in 1989 with strict export commitments. The food processing giant will now raise its subscribed and paid-up equity from Rs800m to Rs1.05bn.

Peugeot of France will establish a joint venture with Indian car maker Premier Automobiles to produce 60,000 cars a year, introducing the Peugeot 309 and 205 models to India. Peugeot will invest Rs1.20bn in the project, which has export obligations.

While the GE Capital proposal seeks to establish a wholly-owned subsidiary in India, with an investment of $75m to $100m over the next three to four years, Morgan Stanley proposes an assets management company in the mutual funds and funds management industry, inviting direct foreign investment from foreign institutional investors.

Nippon Denro Ispat, the Indian joint venture with the Japanese steel manufacturer, will build an integrated steel plant, with an investment of Rs900m.

The government has set aside its earlier reservations about allowing foreign spirits manufacturers in.

Midwest speaks up for Nafta

By Nancy Dunne

FARM and manufacturing interests in the US midwest have grown weary of holding their fire against foes of the North American Free Trade Agreement. Like business groups and public officials across the country, they believe anti-Nafta forces, particularly labour unions and Mr Ross Perot, last year's independent candidate for the presidency, need to be answered if the pact is to be implemented next January on schedule.

In Illinois, the defence will be taken up by a coalition of 200 of the state's largest companies, representing agriculture, manufacturing, electronics, oil, steel and finance. The objective is to regenerate political momentum for the pact.

In Washington, a business coalition, USA Nafta, has the same goal. It is attracting support from across the country. The nation's governors, particularly those in the west, are also coming out for the pact. According to a survey by the heritage foundation, 40 of 50 governors strongly support the agreement, with 10 undecided or not responding.

"If Nafta is to become a reality, the White House has to be behind it," said Mr Bill Lane, of Caterpillar, the heavy equipment maker. He said the group will work with the Illinois congressional delegation to create a pro-Nafta force in Washington.

Illinois, with its farm and manufacturing base, has a lot at stake. Mexico is its second largest foreign market, with exports of $16.5bn annually.

Group members include drug maker Abbott Laboratories; electronics manufacturer Motorola; the giant retailer, Sears; Amoco Oil; and a variety of farm organisations and food companies. Caterpillar stands to gain $45m in additional sales under Nafta. In 1992 it sold $200m in engines and equipment to Mexico.

Future of Scottish shipyard in doubt

By David White and Alison Smith

THE LONG-TERM future of Rosyth dockyard, Scotland's biggest inductrial aite, is in douht after yesterday's government decision to refit Trident submarines at the Devonport yard in Plymouth.

However, the hitter hlow to Rosyth was offset by promises of guaranteed work on surface warships until 2005.

Mr Malcolm Rifkind, defence secretary, announcing the long-awaited decision in the Commons, said he expected the plan would cost 450 of the 3,700 jobs at the Rosyth yard, far fewer than predicted.

Another 350 would be lost at Devonport, which employs 4,950, because of the declining refit programme. The redundancies could be absorbed in hoth communitles "without significant difficulties", Mr Rifkind said.

The decision concludes a two-year battle hy Devonport to stop Rosyth setting up facilities for the Trident boats. Nuclear-powared suhmarines will in future all be refitted at the same yard as the Trident vessels. The work is estimated at between £3bn and £5hn over the next 20 years.

Rosyth has up to now handled the UK'a Polaris suhmarines, heing replaced hy Trident. Other nuclear submarines have been refitted at both yards.

Devonport's £120m investment plan was £12m cheaper than Rosyth's, Mr Rifkind said. Total cost includes a further £116m worth of equipment common to hoth proposals, mainly from Rolls-Royce and Associates, which makes the suhmarine reactors. Mr Rifkind said the overali difference, including savings on running costs, was £64m.

The cabinet reached its verdict after disqualifying a last-minuta hid hy Rosyth, more than halving its investment cost to £60m. Mr Rifkind said it was "quite unreasonahle" to suhmit a completely new idea so close to the decision.

Mr Ian Lang, Scottish secretary, who had argued strongly in favour of Rosyth, insisted losing tha Trident work was "not the end of the world" for the dockyard. He said it would continue to provide thousands of jobs. But the strength of anger among opposition MPs was seen as the Commons held an emergency debate on tha decision.

Some Scottish Tory MPs joined opposition politicians in expressing bitterness at the government's "betrayal" of its commitment to give the work to Rosyth.

The cross-party Commons defence committee is to scrutinise the decision. Sir Nicholas Bonsor, its Tory chairman, said the MPs wanted to be sure that work given to Rosyth would be enough to ensure its survival.

Mr Rifkind said he expected Rosyth to be allocated refits of 18 large warships, including all aircraft carriers, virtually all Type 42 destroyers, all Hunt class minesweepers and some frigates.

The allocated work would "teper down" after 2000, ha said. Rosyth would be the only yard receiving allocated surface ship work, and shipbuilders could join the competition for other refits.

Tiny island adrift in a sea of intrigue

The tight-knit community of northern Cyprus waits anxiously for developments in the Asil Nadir saga, writes John Murray Brown in Kyrenia

IT sounde more like the first ritualistic warning from the Sicilian Mafia – headless chickens left pinned to the door, and a dead cat flung through the window.

Such have been the threats against both the lawyer acting for Polly Peck's administrators and the former head of Mr Asil Nadir's privately-owned bank on the island, as the £1bn financial scandal strains the loyalties of this tiny community.

Whether or not Mr Nadir was himself involved in the attempt to frighten off both the respected advocate Mr Orhan Bilgehan and Mr Kemal Birgen, the former boss of Kibris Endustri Bankasi, the incidents point to a darker side of the Polly Peck story.

"Such things are common in a Mediterranean mentality, I've had threats myself," says Mr Mentes Aziz, a former policeman under British rule, now Mr Nadir's lawyer.

Everyone from President Rauf Denktash to the underworld bosses is watching anxiously for Mr Nadir's next move as, like Napoleon on Elba, he contemplates his future from his island exile, where he fled on May 5.

In such a tiny community, no one dares tell what may really hava happened – least of all the government, which has benefited from PPI's generous financial support and may conceivably benefit again if, as many Cypriots believe, Mr Nadir does have something squirrelled away.

The vow of silence appears to have been extended to Mr Nadir too, much to the disappointment of the swarm of journalists on the island in anticipation of some revelations about his links with the UK Conservativa party. The mood is best summed up by a local casino owner. "Whatever he has he brought to Cyprus. That counts for all us lot here when the rest of the world has turned its back on us."

The Nadir affair will no doubt reinforce the international isolation of the self proclaimed north Cyprus republic, declared in the wake of Turkey's invasion in 1974 which ended intercommunal violence and left the island divided.

The UK authorities have lost hope of co-operation from Mr Denktash. The administrators appointed back in October 1990, have had a frustrating 32 months in pursuit of PPI's Cyprus assets – the fruit business Sunzest, Unipac the Famagusta packing operation and three hotels.

Mr Aziz, acting for the local companies, has issued 23 injunctions to block access to their accounts – including his own claim for £250,000 owed by the administrators.

Little word has been forthcoming from Mr Huseyin Erdal, head of the local accountants which audited the PPI Cyprus books. Contacted at his Nicosia office this week, he declined to discuss the case. Mr Erdal is also understood to be wanted for questioning by the UK Serious Fraud Office.

The island operations, which are still under Mr Nadir's control, appear not to have been cash rich, as was at one time assumed by stock analysts in London. The idea that the banks in Cyprus held cash deposits of £200m, as stated in the PPI accounts, is dismissed by local officials who point out this is more than the total foreign exchange reserves of the entire banking system.

Why, local bankers ask, did Mr Nadir not settle the TL60bn owed to the island's social security authorities? Why moreover, is Ms Elizabeth Forsyth, a close associate of Mr Nadir who worked in London with South Audley Management, a company with links to the Nadir family, now driving around the island in an old white Mercedes once owned by Mr Nadir's father.

Furthermore, why has she not paid her phone bill – her phone has been cut off.

One group which clearly believes Mr Nadir can salvage the situation includes the financial advisers, former partners and friends, and of course the pilots who facilitated his escape. They can all be found sunning themselves at the Jasmine Court Hotel, one of the PPI assets on the islands over which the UK court appointed administrators have still not gained access.

They might like to learn of Mr Iskender Tarsuslugil, the Turkish businessman under investigation by the SFO for lending money to Mr Nadir in breach of the terms of his bankruptcy. He got short shrift during a visit to Cyprus two weeks ago. Company officials say Mr Nadir refused to see him.

The money he lent to Mr Nadir was borrowed from a Turkish bank which held a house in Globe Place, Chelsea – in the name of Mrs Leslia Ellwood, Mr Nadir's former girlfriend and mother of two of his children – as collateral. She stands to lose the house if the loan is not paid in July. Mrs Ellwood is also currently on the island.

Meanwhile, President Denktash has tried to distance himself from the man he once famously described as his economic commandar. Foreign minister Kanan Atakol referred to Mr Nadir as a liability, but asked not to be quoted.

Severing those ties will not be easy. Mr Hasan Ercakica, editor of the opposition Yenidüzen newspaper, points out that the ruling National Party UBP party only secured victory at the last election in 1990 as a result of PPI, through its newspapers, Kibris, Bozkurt and YeniGun and through cash and kind payments to villages who voted for the UBP.

Even Turkey, which avows non-interference in the island's internal politics, openly canvassed through TRT, Turkish state television, the Turkisb ambassador, and parliamentary deputies who visited the island.

Much will depend on Turkey's attitude to the Nadir affair. The SFO has made some progress persuading the Turks to provide banking records related to PPI, under terms agreed this week.

Some say Turkish President Suleyman Demirel has been burt by the uncomfortable parallels between between Mr Nadir and his own playboy nephew, Mr Yahya Demirel, who for many months took refuge in Cyprus, and has been charged in courts in Turkey with fraudulently obtaining money from a Turkish state bank.

Britain in brief

Upjohn seeks court action on Halcion

Upjohn, the US manufacturer of the controversial Halcion eleeping plll, said it would take the UK Licensing Authority to court over its decision to revoke Halcion's UK licence earlier this month.

Mr Simon Pearl, solicitor at Davies Arnold Cooper in London representing the company, said: "Upjohn is challenging the validity of the Licensing Anthority decision in accordance with Section 107 of the *Medicines Act. The case will* be heard by a High Court jndge."

Saies of Halcion were suspended in the UK in 1991 amid safety concerns after a woman in Salt Lake City blamed the drug for causing a rage during which she kiiled her mother. The woman sued Upjohn and the case was settled out of court.

The drug is suspended in Brazil, Argentina and Norway. In the US, it remains on the market in small doses with atrict iabeiiing following a Food And Drugs Administration advisory committee review.

Upjohn contends that the UK Licensing Anthority ignored favourahle comments from two government-appointed panels when it decided to revoke Halcion's licence.

UK commercial property upturn

Institutional investors spent a net £208m on commercial property in the first quarter of 1993, according to official statistics. The figures show a marked upturn on the last quarter of 1992, when institutions sold £65m more property than they hought. However, the first quarter figure is a reduction on the £366m that was invested at the same time last year. Anaiysts expects a strong increase in the second quarter investment figures.

Further five pits for sale

British Coal offered a further fiva pits it no longer wants to mine to the private sector and said it was receiving 30 inquiries a week for all mines which have so far been advertised.

Tha additions ware Vane Tempest, Seaham and Westoe in the north-east of England, Grimethorpe and the linked Houghton Main in Yorkshire and Trentham in Staffordshire. Potential licensees must register their interest hy July 16. British Coal has now advertised 14 of the 20 pits it intends to offar. Mr Eddy Hindmarsh, the corporation's head of operations, said it was too early to say how many full tander anhmissions wonld result.

Credit Suisse claims loan

A local authority is refusing to repay more than £5m to Credit Suisse, the Swiss bank, on the grounds thet it acted unreasonahly and outsida its powera when it first guaranteed that it would pay the money.

Allerdale Borough Council in the Lake District faces a claim by Credit Suisse for £5.23m plus interest over a loan to a devaiopment company the council set up to build a leisure pool complex and timeshara holiday lodges. The project failed to keep up with revenue forecasts and Allerdale Development Company went into liquidation in November 1990.

John Major's enthusiasm for open government has thrown iight on the infamons murderer Dr Hawley Crippen - the first criminal canght by wireiess. He was arrested escaping on a transatlantic liner in 1910 after poisoning his wife. The case papers were reieased 17 years early

Nissan UK jury still out

The jury in the Old Bailey trial of Mr Michael Hunt, the director of former car importers Nissan UK, who is accused of heing part of a conspiracy to defraud tha Inland Revenue of £97m corporation tax, retired yesterday to consider its verdict. The jurors were unable to reach a verdict and spent last night in an hotel.

BA refunds in sandwich class

British Airways, winner of a best airline food and wine prize, is having to make embarrassing refunds to business class passengers from Gatwick who are being served sandwiches instead of a full meal on some European services.

It has been forced to downgrade its normal Club class service on soma Gatwick flights because of a shortage of cabin crew and an unexpected upsurge in traffic.

Disgruntled Club class passengers are being refunded the difference between their fare and the normal economy fare. Economy passengers are being given vouchers to buy refreshments at airports.

A BA official said the airline had been a "victim of its own success", adding that BA was recruiting an additional 35 former Dan-Air employeas to boost flight crews on the Gatwick services.

Fleet shrinks

The British-flagged merchant fleet shrank by just 2.5 per cent last year to 7.7m deadweight tonnes, according to figures from the Department of Transport – apparently marking a degree of stabilisation in the fleet's long-term decline.

UK EMPLOYERS' REPORT ON ECONOMY

Weaker export demand hits upturn

By Peter Marsh, Economics Correspondent

A WEAKENING in export demand from continental Europe may hold back the expected recovery by manufacturing industry, according to a report by the Confederation of British Industry, the employers' organisation, published today.

It indicates that many manufacturers have become less confident over the past two months about output growth this year, in line with signs of economic fragility on the Continent and falling consumer confidence in the UK.

The survey fits with other evidence that, after relatively strong growth in the first quarter, the economy may have entered a new phase.

One bright spot from the report is that few manufacturers expect to increase prices in the next four months, which suggests general inflationary pressures remain muted.

Mr Howard Davies, the CBI's director-general, said the survey indicated a "small set-back" for export orders. He pointed out that overseas orders remained stronger than at any time between August 1990 and April this year, reflecting a boost to competitiveness from the fall in sterling and success in controlling costs.

The CBI's monthly survey of 1,606 manufacturers was conducted between May 28 and June 16. The employers' body said the report did not alter its view that the UK would see reasonably good growth this year. Also, despite the fall in export orders, domestic demand might have picked up slightly in the past month.

Of the companies questioned, 21 per cent said export order books were above normal and 31 per cent said they were below. The balance of 10 per cent expressing a negative view compares with a balance of 5 per cent in the May survey and a balance of 22 per cent saying order books were below normal in April.

A balance of 12 per cent of companies expect output volumes to increase in the next four months, after a comparable balance of 23 per cent in May and one of 14 per cent in April.

Total order books are largely unchanged from May, with price rises expected to remain subdued. The survey indicates the lowest net proportion of companies since last November believes it will raise prices in the next four months.

Stocks of finished goods remain more than adequate to meet demand, though stock levels have been run down slightly since May.

Finished goods stocks are rated as more than adequate by 19 per cent of businesses and less than adequate by 5 per cent.

Inquiry into holiday links welcomed by independents

By Michael Skapinker

INDEPENDENT tour operators were delighted yesterday by news that the Office of Fair Trading has launched an inquiry into the links between large holiday companies and travel agents. Many said their brochures are increasingly kept off the racks of the large travel agents.

Approval, however, was not universal. Mr Nicholas Leche, managing director of Continental Villas, which sells luxury holidays in the West Indies, the Mediterranean and other destinations, said the large groups' behaviour caused him no difficulties. "It's a lot of whingeing," he said.

Others feel they cannot afford to take so relaxed an attitude. Mr Peter Kerkar, chief executive of Cox & Kings Travel, says Lunn Poly, the largest retailer, will not carry brochures for his company's holidays to India, Latin America and Russia. "They say we don't have enough sales volume through them. The irony is if they don't rack us we'll never have enough sales volume through them."

Over the past year, links have tightened between the three largest operators – Thomson, Airtours and Owners Abroad – and the largest retail outlets.

Thomson has owned Lunn Poly for 20 years. The travel industry had long accepted that the Thomson-Lunn Poly link was an arm's length one, allowing other operators to sell their holidays through the retailer's shops. Last September, however, Airtours, the fast-growing tour operator run by Mr David Crossland, bought the 333 Pickfords branches. Earlier this month, Airtours bought the 214 Hogg Robinson branches.

Airtours did not hide its intention of using its travel agents to push its own holidays. Pickfords would not stop selling other companies' products, Mr Crossland said, but if each branch made just one more Airtours booking each week, it would add £2m to the group's pre-tax profits. Independent operators claim Pickfords staff are given extra incentives to sell Airtours holidays and other travel agents are now doing the same.

Airtours refused to comment, but Lunn Poly and Thomas Cook admitted that they had recently introduced staff incentives. Lunn Poly said that staff would, for the first time, be offered incentives to sell the holidays of four operators: Thomson, Virgin Holidays, Sunworld and Cosmos. Thomas Cook said thet for the past two years, staff have been offered incentives to sell the holidays of 45 companies, including all the large operators.

Mr Christopher Kirker, managing director of Kirker Europe Holidays, a small company selling short breaks to European cities, said travel agents should be made to tell consumers about such incentives. He said: "The basic issue is whether it's right from the public's point of view that they should be hoodwinked . . . I'm not particularly against incentives . . . I'm against the public not being told what's going on."

Export insurance cover extended

By Richard Lapper

THE government yesterday bowed to business pressure by increasing the insurance cover it offers to exporters.

Mr Richard Needham, trade minister, said "transitional" reinsurance support provided to export insurers by the government's Export Credits Guarantee Department would be extended by at least three years.

The facility, introduced when the ECGD's short-term export credit insurance business was privatised in 1991, was due to be phased out at the end of next year, threatening more than £1bn in exports annually. "We are not going to be in a position where British exporters are going to fail to get business because of a lack of cover," said Mr Needham, who said he had responded to "representations made to him".

Details of how the reinsurance scheme will work have yet to be decided, but exporters and their insurers welcomed the move. Mr Ian Campbell, director general of the Institute of Export, said: "We have to export our way out of the recession. This kind of support is very helpful."

Mr Colin Foxall, managing director of NCM Credit Insurance, the country's biggest export credit insurer, said: "The decision will greatly assist British exporters to make long term and strategic business plans."

Mr Terry Bridgman, director of Trade Indemnity, the credit insurer, which along with other smaller players in the market will benefit from government reinsurance support for the first time, said: "It takes a lot of the uncertainty away for British exporters."

NCM controls about 80 per cent of the market for short-term export credit insurance, TI has about 15 per cent, with smaller players including Namur, the Belgian company, taking the remainder. Insurers at the troubled Lloyd's market, which announced their intention to enter the market for the first time this year, will also benefit.

When it privatised ECGD's short-term business the government had hoped there would be sufficient reinsurance capacity in the private sector. However, a sharp contraction in the reinsurance market has since occurred and exports have risen. "It has become clear that in the immediate future capacity in the private reinsurance market may well not expand sufficiently to meet the likely demand for short term export credit insurance," said Mr Needham.

As well as the transitional "top up" facility affected by yesterday's announcement, ECGD provides 100 per cent reinsurance to NCM for exports to markets which present serious political risks and where private sector reinsurance cover is unavailable.

"Compared with Challenger 1, it's like e dance hall in there," said e tank commander yesterday

Roomy tank is a hit with generals

By Daniel Green

THE NEW Challenger 2 tank, on which the long-term prosperity of Vickers, the engineering company, may depend, was put through its paces for the first time in public yesterday, in the mid-summer sunshine of Dorset to the west of England.

Shown to press and defence attaches from Nato and Middle Eastern countries, three prototypes demonstrated their ability to attack two targets simultaneously using computerised aiming and range-finding.

The Ministry of Defence has ordered 140 tanks, while Oman signed a contract for 18 earlier this week. The future of one of Vickers' two tank factories et Newcastle-on-Tyne and Leeds, which emptoy 800 workers each, depends on further orders.

The MoD plans to upgrade tts fleet of more than 400 Challenger 1 tanks. But the army would be happy to have a smaller number, perhaps 200, Challenger 2s.

Generals were full of praise for Challenger 2 yesterday. "It is a first class tank. There is no doubt it will meet our standards," said Lt-Gen Sir Jeremy Blacker, the army's master-general of the ordnance.

An order for 200 tanks would be worth between £400m and £600m and keep Vickers assembly lines working for up to six more years.

Sir Colin Chandler, Vickers chairman, said there were hopes of further export orders from Oman, Saudi Arabia and Sweden, although the tank faces tough competition from US, French and German rivals.

The Challenger 2 is still in development with first deliveries to the army set for the summer of 1994. The first complete tank regiment is scheduled to enter service the following year.

The hull of the new tank includes some 200 changes from the Challenger 1 version. Special emphasis has been placed on reliebility – army tests show the new tank to be more than four times as reliable as its predecessor.

It has a new turret and gun and the interior has been re-designed to meet the army's criticism of the cramped conditions and over-complicated control panels on Challenger 1. "Compared with Challenger 1, it's like a dance hall in there," said one tank commander yesterday.

Soldiers should test new weapons, MPs suggest

The Ministry of Defence is likely in future to let soldiers try out weapons before production of them is started, the Commons defence committee suggested yesterday, writes David White.

A report by the committee related the troubled tale of the Army's new SA80 rifle, which has been through 32 modifications at a cost of £24m. "The lesson the ministry have learned is that the general usage of the weapon should be tested in the bands of soldiers during the design and development phase. Wa have to express some surprise that it has taken over 300 years of personal weapon usage by the British Army to discover this fact."

The "catalogue of faults" included weapons that could fire spontaneously if dropped on their muzzles; safety catches that could break: firing pins which did break; magazines that could fall off; e bayonet which not only could fall off but which broke at the tip and was difficult to sharpen and triggers that had to be manually flicked back into position after firing.

The committee was particularly damning abont the "shoddy" cleaning kit, which included a leaky oil bottle and poor brushes. It would be an outrage, it said, if the ministry found it was liable for changing the kits after paying £9m for them. Incorrect cleaning drill was blamed for problems during the army's Gulf deployment in 1990-91.

Evidence to the committee by British Aerospace, whose Royal Ordnance subsidiary makes the rifle, acknowledged that "adverse publicity" surrounding the SA80 had deterred foreign customers.

Future export prospects appeared to be small, although minor quantities had been sold to Mozambique and Jamaica. The rifle's reputation was "unreasonabiy tarnished" by early troubles, it said.

The committee agreed the rifle was a significant improvement on the weapons it replaced. Despite the fact that it could not be fired from the left shoulder, it was "a highly accurate weapon and sound when properly maintained".

MANAGEMENT

Christopher Lorenz on Rank Xerox's ambitious re-engineering programme

Time to get serious

Three months ago Bernard Fournier, the French-born managing director of Rank Xerox, sent out a terse announcement from his headquarters in Marlow, Buckinghamshire. It was proof that the copier company had finally become serious about "process re-engineering" after years of merely flirting with it.

In order to become "the most productive company in our industry in the world", Fournier declared, "we need dramatic improvements in performance which will be achieved through re-engineering of our business processes".

His announcement came hard on the heels of a string of other decisions which mentioned business processes and re-engineering in passing. They included a drastic reshaping of the Marlow headquarters – involving the loss of 200 jobs and the reassignment of 1,200 – and a reorganisation of European marketing, sales and service.

In his announcement just before Easter, Fournier did not enumerate the productivity targets but they have since become known. They involve a cut of about $200m (£130m) in Rank Xerox's annual overheads.

That will be achieved by, among other things, removing the costly traditional freedom of each European offshoot to develop and operate its own processes and systems as it likes. Instead, seven uniform "basic processes" are being designed to span all functional departments across Europe. Several are already well advanced. They will cover almost all the company's activities – from "time to market" (product development) through "market to collection" (customer order, installation and payment) to "product maintenance" (service).

To make the design and operation of the new processes effective, Fournier said that each of them would in future be "sponsored" by one of his top managers from all over Europe, and that a bevy of senior executives immediately beneath them would be the "owners" (ie managers) of each process. Coming from a company known for its propensity for managerial innovation, such moves might seem unpractical theorising. Thay are far from that.

Fournier is renowned – even notorious – for being practical and down-to-aarth. He expects the changes to pay off handsomely on the bottom line. But he knows they will be far from easy and expects "a fight" as the new "process owners" start to operate across the company's traditional structure. That structure is still heavily functional.

But, as Fournier made clear, he and his top colleagues in the senior management committee will not only constitute a "business process board" to spark new re-engineering programmes, they will also act as a separate committee to monitor progress of the new strategy – in other words, to drive it.

This determination is a far cry from 1990, when an attempt to spark a re-engineering revolution in Rank Xerox withered on the vine because of resistance from the established hierarchy, both in Europe and within the US parent, Xerox.

"Now we're re-engineering not just a few processes, but the whole company," says John Drinkwater, Rank Xerox's director of business processes and information management. That puts Rank Xerox "streets ahead" of its parent, he claims. In the US a much more technology-based re-engineering project was brought to a halt in 1992 because of its cost. Even two years ago, Drinkwater says, a proposal along the lines now approved in Europe "wouldn't have got airtime with senior management. Now it does because of the savings it can offer – our existing ways of doing things aren't affordable anymore".

That became patently evident last year, when two events occurred. First, one of the company's "quality improvement teams" concluded that there was a yawning gap between the current return on assets and what needed to be achieved if Rank Xerox were to be able to call itself "the most productive company in our industry".

Then, as 1992 progressed, the extent of the immediate financial pressures became obvious. In the year to October, pre-tax profits fell by 13 per cent by one calculation and almost 19 per cent by another, thanks in part to a rise in administration costs of nearly 10 per cent.

It is no coincidence that October was also when Fournier and his senior colleagues told two teams to do a study of virtually the whole of Rank Xerox. Rather than apply crude percentage cuts across the board, they were asked to calculate the value added by every activity, and – if it survived examination – place it within whichever of the seven new "basic processes" was most appropriate.

One pan-European team examined the role and size of the international headquarters and all its support functions. The team concluded that all but 135 of the 1,500 full-time jobs there should be reassigned to the company's business divisions or sales subsidiaries, or its "technology and business support group". By cutting back on subcontracted work, only 200 jobs have gone.

A second team has adopted a similar process-based approach to the streamlining and redesign of Rank Xerox's field operations across Europe. Its recommendations will be put to Paul Allaire, the chairman and chief executive of Xerox, at the end of June, and consequent actions made public in the autumn.

Financial pressures have certainly provided a vital spark for the process revolution at Rank Xerox, but not the only one. Another is Allaire's campaign to turn the whole Xerox group into a much faster-moving, more market-connected and "team-oriented" organisation. The introduction of cross-departmental business processes as a "horizontal" overlay across the company's hitherto functional (or "vertical") structure should help it towards those objectives.

Rank Xerox is also implementing a variety of behaviour and culture change initiatives, including a new-style leadership programme for the top 90 executives, and workshops for self-managed work teams.

Thanks to Fournier, a key policy document from Xerox, with the odd title of The New Company Culture, has been expanded for European consumption. Below eight high-flown American phrases about "action-oriented", "empowerment" and "organisational learning", he has added the stark words "process re-engineering and simplification". He certainly means business.

Previous articles in this series appeared on May 24 and June 2, 11 and 18.

Managing director Bernard Fournier is renowned for his down-to-earth approach

Secrets of the Semler effect

Tim Dickson on the man who set corporate culture on its head

One somehow expects a brash, bizarre dresser, surrounded by public relations people and assorted hangers on. One actually gets an engaging 34-year-old, conservatively attired (even a touch preppy), calmly reflective, conspicuously on his own.

Yet this is Ricardo Semler, Brazil's one-time *enfant terrible* and author of an autobiographical book whose advance hype is extravagant even by the standards of the UK publishing industry.

Subtitled "the success story behind the world's most unusual workplace", Maverick! describes a manufacturer of pumps, mixers and other industrial equipment whose corporate hierarchy has been turned upside down, where employees set their own hours and (in some cases) their own salaries, and where everyone (managers, cleaners, messengers) has access to the company's financial figures.

In the 13 years since young Ricardo was handed the reins by his Austrian-born father, Semco has earned a reputation as one of Latin America's fastest growing companies. Sales have increased six-fold and profits have advanced by 500 per cent. But Semco has attracted international attention much more for its refreshing – if sometimes quirky – ideas in workplace organisation and employee democracy.

Executives from some of the biggest *multinationals* have sought to draw inspiration from Semco's São Paulo well. MBA students have lined up to study its restructuring techniques. And Semler himself says he received 6,600 letters from readers of the Brazilian version of his book (and is proud of having had a personal hand in answering all of them).

That the international edition to be published in September has been translated into 11 languages – Semler penned the English version himself – suggests a man eager to convert the world to his Semco model.

Not true, he insisted during an interview in London this week. "The book is not a mission statement. I wanted to get away from the Jesuitical approach which you find in the US of going out and doing something yourself and then telling others how to do it."

Semler is naturally flattered that a company from Denver, Colorado, has been set up on strict Semco lines, and he reports with obvious satisfaction that he has had appeals for help from Norway and California. But he is adamant that he is not about to take up consultancy. "I've turned down numerous offers," he says. "Semco is an ongoing project and we think we are only half-way there. We need another 10 to 15 years to finish the job."

Ricardo Semler: quirky ideas

Semler concedes that today's corporate giants could easily grow feet of clay: "Who would have guessed two years ago what was about to happen to IBM?" But he is unperturbed by the prospect of economic change. "I can't imagine stronger downturns than we've already been through. We've closed factories and had five to six redundancy programmes, that's everyone's risk. The challenge for us is to show that the Semco model can be self-sustaining, that it can carry on in the absence of a leader figure."

To demonstrate the point Semco introduced the idea of a rotating chief executive officer – five people do the job for six months at a time – and Semler himself is increasingly taking a back seat.

"The company now takes 30-40 per cent of my time. My next stint as CEO comes up at the end of 1995. For the moment I don't have an office, or a desk, and I don't *sign cheques. I don't exist there* from a job point of view."

So does he subscribe to the latest cult of the customer? "I read about them [management fashions], but I don't take much notice. The main goal of a company should be to create an entity which everyone involved in feels is worthwhile. That will then manifest itself in good quality, good customer service."

Semler is evidently not one to pore over the monthly cash-flow statements. "Financial numbers are not an adequate indication of what is happening," he says. "I feel closest to the company when I am talking to people in a hotel about whether our dishwashers work, or talking to ship-owners about our pumps."

Asked about companies he admires, Semler cites the Delaware-based Gore-tex manufacturer WL Gore. "They work in a completely different field but there's a philosophical identity," he explains. 3M and the Mid-west furniture maker Herman Miller have also earned his respect.

"We've picked the best from many systems – personal freedom, individualism and competition from capitalism, the control of greed and sharing of information and power from socialism, and the flexibility of the Japanese, although we shrink from their family-like ties to the company and their automatic veneration of elders.

"As far as we are concerned, problems like drug or alcohol abuse are not our concern outside the company. This sort of paternalism is unacceptable. Nor do we have a health club, which is the sort of thing that sometimes makes people in the United States cross."

As for the next 10 years, Semler aims to "increase the depth" of Semco's experience. "At the moment, only about a quarter of our workforce set their own salaries. I'd like to see everyone doing that. The same goes for our balance sheet and financial analysis programmes.

"I also think people working from home is a good sign. At the moment only about 20 per cent of our employees do so one to three days a week."

BUSINESSES FOR SALE

LEGAL NOTICES

In the matter of National Employers' Mutual General Insurance Association Limited (NEMGIA)

The Liquidators of NEMGIA hereby announce that they intend to make a first interim distribution to creditors in or about December 1993. To participate in this and any subsequent distribution, creditors must first establish their claims by completing and submitting to the liquidators a form of proof of debt. Creditors, brokers and their clients, where known, were circulated in mid-May with the necessary forms. If you have not directly or indirectly received a form, please request one by writing to the liquidators.

As regards NEMGIA's former branches in Australia, Canada, Cyprus and Malta, creditors should contact the local liquidator (or similar appointed person) to establish their claims. Only to the extent that UK dividends exceed local percentage distributions will creditors be entitled to participate in distribution from UK funds.

15 June 1993

A J McMahon, joint liquidator
NEMGIA -in liquidation
PO Box 270
20 Farringdon Street
London EC4A 4PP
ENGLAND

GREEK EXPORTS S.A. INVITATION

For the submission of Declarations of Interest for the purchase of the Assets of "GENERAL SUPPLYING (MANUFACTURING) S.A. ELECTRICAL & TELECOMMUNICATIONS MATERIAL INDUSTRY, PLASTICS INDUSTRY".

Within the framework of the government's privatisation policy on the basis of Law 2000/91, GREEK EXPORTS S.A., based in Athens (17 Panepistimiou Street) and a subsidiary of the HELLENIC INDUSTRIAL DEVELOPMENT BANK S.A. (ETBA S.A.), has been appointed liquidator by Athens Court of Appeal Order No. 3089/9-6-93 and intends to sell, with the procedure described in article 46a of Law 1892/1990 as supplemented by article 14 of Law 2000/1991, the entire assets of "GENERAL SUPPLYING (MANUFACTURING) S.A. ELECTRICAL & TELECOMMUNICATIONS MATERIAL INDUSTRY, PLASTICS INDUSTRY", based in Athens, and in which ETBA S.A. is a major shareholder.

"GENERAL SUPPLYING (MANUFACTURING) S.A." was founded in 1974 (FEK No 1770/31-8-74) and is engaged mainly in the manufacturing of electrical material of all kinds, low, middle and high voltage, as well as all kinds of telecommunications and electrical material.

The production installations of the company are situated in Oinophyta in the prefecture of Boeotia, on the provincial road to Oilessi. The factory has been built on a self-owned plot of land of 18,286 m^2 in area. In the afore-mentioned plot there is a three-storey building, consisting of a ground floor, a first floor, a second floor, and a smaller apartment on the roof.

The total serviceable area of these storeys comes to 5,493 m^2 and its volume to 24,343 m^3. Besides the main building, there are also small secondary constructions, covering a total of 490 m^2 in area, and 2,002 m^3 in volume. Furthermore, the company owns an office of 115.80 m^2 in area, at 25 Sicurnara Street in Athens, where it is based.

FINANCIAL DATA *(in thousand drs)*	1989	1990	1991	1992
Total Assets	1,452,705	1,835,273	2,026,699	1,680,782
Total Sales	743,850	1,101,172	1,040,206	678,082

Note: The above figures derive from published balance sheets.

PRIVATISATION PROCEDURE

I. Within twenty (20) calendar days from publication of the present invitation, interested buyers must submit a non-binding written declaration of interest.

II. Prospective buyers, after giving a written promise of confidentiality, can obtain an Offering Memorandum and have access to other information concerning the company for sale.

III. The announcement of the public tender for the highest bidder will be published within the prescribed time limits in the same newspaper.

For additional information, please contact:

a) The head office of E.T.B.A. S.A., Directorate of Public Holdings, 87 Syngrou Ave (2nd floor), Athens. Tel. 30-1-92.94.395 and 30-1-92.94.396

b) Greek Exports S.A., 17 Panepistimiou Street (1st floor), Athens. Tel. 30-1-32.43.111 to 5

COMPANY NOTICES

QUEBEC CENTRAL RAILWAY COMPANY
4% FIRST MORTGAGE DEBENTURE STOCK

In preparation for the payment of the half-yearly interest due August 1 1993 on the above stock, the transfer books will be closed at 3.30 p.m. on July 9 1993 and will be re-opened on July 19 1993.

D.R. Kear
Assistant Secretary

62-65 Trafalgar Square
London, WC2N 5DY
June 25 1993

PUBLIC NOTICES

INSURANCE COMPANIES ACT 1982

Notice of Approval of Transfer of Business

LOMBARD CONTINENTAL INSURANCE PLC: THE TRANSFEROR

Notice is hereby given pursuant to Section 51(5)(a) of tha above Act that the Secretary of State has approved a transfar of certain general business from tha transferor to Lombard Continental Insurance (UK) Limited (formarly Elizabethan Insurance Company).

Department of Trade and Industry
London
May 1993

BRITISH COAL CORPORATION

Licensing of Closed Collieries

British Coal invites offers for licensing the working of coal and the use of associated facilities at each of the collieries named below. Decisions by British Coal to grant a licence in respect of each such colliery will be made on a colliery by colliery basis and separate offers are invited. Specific proposals for non-mining uses will also be given due consideration.

The collieries for which offers are invited are Vane Tempest, Seaham, County Durham; Westoe, South Shields, Tyne and Wear; Grimethorpe-Houghton Main, Barnsley, South Yorkshire, and Trentham, Stoke-on-Trent, Staffordshire.

Expressions of interest must be received by July 16, 1993, either in writing to:

**British Coal Corporation,
Licensing of Closed Collieries,
Eastwood Hall, Eastwood,
Nottinghamshire NG16 3EB.
Fax No: 0773 532709**

or by telephone on the following numbers:

Vane Tempest Colliery	**0773 532710**
Westoe Colliery	**0773 532710**
Grimethorpe-Houghton Main Colliery	**0773 532711**
Trentham Colliery	**0773 532712**

and subsequently confirmed in writing.

British Coal reserves the right not to consider expressions of interest received after July 16, 1993. Parties who have expressed an interest in making an offer in respect of a particular colliery will be provided with a Preliminary Information Pack containing outline information on the colliery, an application form, a letter of undertaking and the terms of a £10,000 security deposit/bond, together with details of the licensing process and timetable.

Detailed information on the relevant colliery and draft tender documentation will subsequently be provided to any party which satisfies the requirements specified in the Preliminary Information Pack, which include entering into the letter of undertaking and the provision of the security deposit/bond.

The receipt of an offer will not create any obligation or commitment on the part of British Coal to enter into any negotiations or to grant a licence.

Enquiries about the procedures set out in this advertisement should be made in writing to the above address or by telephone on the numbers listed opposite.

British COAL

TECHNOLOGY

A 51-year-old product, extracted from pregnant mares' urine, is turning unexpectedly into a pharmaceutical blockbuster. The success of Premarin – worldwide sales up 20 per cent to $642m (£428m) last year and projected to reach $1bn in 1995 – is a testimony to the fast-growing popularity of hormone replacement therapy for women during and after the menopause.

Although HRT has been going as long as an average menopausal woman, new research findings are propelling its growth. They show that oestrogens such as Premarin not only relieve the immediate symptoms of menopause, such as hot flushes, night sweats, fatigue and vaginal dryness, but also help prevent two serious health problems of old age: osteoporosis (fragile bones) and heart disease.

At the same time drug companies are developing more convenient ways of delivering HRT than the traditional Premarin tablets sold by Wyeth, the pharmaceutical subsidiary of American Home Products. The most important innovation is the transdermal patch, pioneered by Ciba of Switzerland, which releases hormones slowly into the blood through the skin.

Menopause is defined narrowly as a woman's last menstrual period, which occurs at an average age of 51, but the term is now used more loosely to describe the change triggered by the ovaries' declining capacity to produce oestrogens (female sex hormones). Typically this starts in the late 40s and continues well into the 50s.

Falling oestrogen levels affect the normal functioning of many body systems, including skin, bone, blood vessels and sex organs. The most important long-term impact is to accelerate the normal age-related loss of bone density and minerals. The result is osteoporosis, which causes 1.3m bone fractures a year in the US, at a total cost in health care estimated at $10bn a year. More than half the women who break a hip in old age will never be able to walk without assistance again and one in five dies within a year of the fracture.

Menopause also removes the protection from heart disease given by oestrogens, which reduce clogging of arteries and simulate the healthy growth of blood vessels. Although younger women are much less likely than men of the same age to die from heart attack or stroke, such deaths increase rapidly after the age of 50.

HRT aims to restore oestrogens in the blood to a level slightly below what is normal before menopause.

The market for menopause treatment is lucrative, says **Clive Cookson** in a series on drug discoveries

Topping up the hormones

Market projections for menopause/osteoporosis/bone disease therapy

Company	Product	Sales ($ million) 1991	1992	1993	1994	1995	1996
Oestrogens							
American Home Products	Premarin	540	642	760	875	960	1,010
Ciba	Estraderm/comb	225	300	390	463	520	550
Johnson & Johnson	Evorel/other			20	45	65	115
Ciba	New patch				50	100	180
Rhône-Poulenc Rorer	New patch					35	80
American Home Products	Premarin/MPA					[illegible]	120
Sanofi/Warner-Lambert	New patch					40	80
Others	Various	275	298	315	333	395	415
Oestrogens subtotal		1,040	1,240	1,485	1,770	2,130	2,535
Calcitonins subtotal		1,033	1,194	1,320	1,416	1,510	1,585
Bisphosphonates subtotal		50	80	100	194	365	700
Other drugs subtotal		155	170	205	230	255	275
Grand total		2,278	2,684	3,110	3,610	4,260	5,095

Source: Mehta and Isaly

Although Wyeth and Ciba dominate the market, more than 20 other HRT products are currently available, including surgical implants, creams and pessaries as well as tablets and skin patches. Most contain natural oestrogens – either human oestradiol or "conjugated oestrogens" from pregnant mares. These are much less potent than the synthetic hormones incorporated in oral contraceptive pills.

In addition to oestrogen, women on HRT whose wombs have not been removed by hysterectomy are advised to take cyclical doses of a second hormone, progestogen. Its role is to prevent excessive cells building up in the lining of the uterus – a condition that can eventually lead to cancer of the womb.

Clinical evidence for the long-term benefits of HRT is building up steadily, as the World Menopause Congress in Stockholm has been hearing this week. The risk of hip fracture is reduced by at least half after five years of treatment and the risk of heart attack may be cut by 45 per cent.

The proportion of menopausal women in the UK who are on HRT has increased from 4 per cent to 9 per cent over the past five years, according to the Amarant Trust, a medical charity specialising in HRT. In the US about 15 per cent are on HRT.

However, there is scope for far more women to benefit from HRT, says Val Godfree, deputy medical director of the Amarant Trust. Busy family doctors do not have time to explain HRT during the 10 to 15 minutes allotted to a typical consultation, she says, or to work out the best therapy for each individual. As a result, too many women give up after two or three weeks because of the "side-effects", before the therapy has had a chance to do them much good.

The side-effects caused by oestrogen-progestogen combinations – including breast tenderness, bloating and leg cramps – normally disappear within three months, as the body becomes accustomed to the raised hormone levels. It may also be possible to reduce side-effects by switching to a different combination and/or from tablets to skin patch.

Beyond the immediate side-effects, some women steer clear of HRT because they are afraid of the long-term risks of hormone consumption and/or because they think it is wrong to interfere artificially with the natural ageing process – a view that the author Germaine Greer expounded in her anti-HRT book The Change, published in 1991. (Books about the menopause are a lucrative publishing genre; Gail Sheehy's The Silent Passage, which favours HRT, headed the US bestseller lists last year.)

Potentially the most serious long-term risk of HRT is a small increase in the chance of developing breast cancer. This is still medically controversial but Godfree concedes that the risk of breast cancer may increase from 1-in-12 to 1-in-9 after 15 years on HRT.

Women who do not like taking sex hormones but still want to protect themselves against osteoporosis may be prescribed other bone-strengthening drugs, notably calcitonins.

Giving calcium (the main mineral in bone) directly as a dietary supplement does not appear to prevent osteoporosis in well-nourished women. But calcitonins – hormones that regulate calcium and phosphate levels in the body – do help by reducing the resorption of mineral from bone into the blood.

Sandoz of Switzerland leads the $1bn-a-year calcitonin market with Miacalcic, a synthetic version of salmon calcitonin. Until recently, calcitonins had to be injected but Miacalcic is now available as a more convenient nasal spray.

Bisphosphonates – potent inhibitors of bone resorption – are a new category of drug to treat osteoporosis. Sales are still small – only $80m last year according to Arvind Desai, an analyst with Mehta and Isaly, the New York healthcare investment company – but they are expected to rise as new products come through clinical trials.

Meanwhile, a new generation of transdermal patches will be fuelling the growth of the HRT market. The first, Evorel, was launched in Europe early this year by Ortho-Cilag, a subsidiary of Johnson & Johnson. As with Ciba's original Estraderm, a patch is applied twice a week to the buttocks or top of the legs. But with a thickness of only 0.1 mm, Evorel is thinner than Estraderm; it contains oestrogen dispersed in a matrix rather than a liquid reservoir. Ortho-Cilag quotes clinical studies to show that Evorel suffers less from two problems of the first-generation patches – their tendency to fall off and to irritate the skin.

Other companies developing second-generation HRT patches include two US drug delivery companies, Noven and Cignus, and Ethical Holdings of the UK. Noven has signed licencing agreements with Rhône-Poulenc Rorer in Europe and Ciba in the US, while Cignus is collaborating with Warner-Lambert.

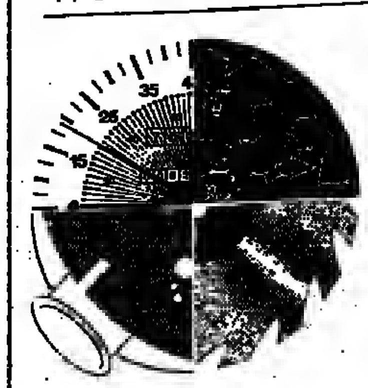
The main advantage of patches over tablets, apart from convenience, is that the hormone diffuses straight into the bloodstream. "The patch avoids giving large doses of oestrogen to the liver," says John Stevenson, consultant endocrinologist at the Wynn Institute for Metabolic Research. "It is therefore less likely to cause metabolic disturbances which might be seen with the oral route."

Menopause-related drugs are one of the fastest growing of all pharmaceutical sectors, as Desai points out. Ironically, the growth is based less on new chemicals than on well-known natural hormones.

Desai expects the overall market for menopause, osteoporosis and bone disease treatments to continue growing at 15 to 20 per cent a year at least until 1996 – "and the rate of expansion could be even faster if sufficient breadth of new products was available".

The series will continue next month with an article on arthritis treatment.

Worth Watching · Della Bradshaw



Cashing in on sales data

The ever-decreasing cost of the latest computer technology has enabled IBM to develop a point-of-sale till aimed squarely at even the smallest retailer.

For less than £5,000 the retailer will be able to buy the IBM 4694 hardware and software plus installation and support. Because the till uses PC technology, the diskettes can be transferred to a PC in the evening and the sales data gathered during the day used in spreadsheet applications. Alternatively, a screen can be attached to the till and the IBM 4694 doubles as a PC. IBM: UK, 0705 321212.

Computers step on the accelerator

Supercomputer users have long been able to process data at high speed, but the benefits of easy-to-use workstation software have largely passed them by.

Floating Point Systems (FPS), of Bracknell, believes it has a solution with a workstation accelerator developed by Mercury Computer Systems of Massachusetts. A single multi-processor accelerator board speeds up the input and output of data to 10 times that of today's most powerful workstation.

FPS believes the accelerator will be most useful in medical, defence, simulation and financial modelling applications. A workstation with accelerator costs around £50,000. FPS: UK, 0344 56921. Mercury Computer Systems: US, 508 458 3100.

Double the dose in a bar code

Bar codes are widely used on items such as food to identify the item. But in blood transfusion, where large amounts of data need to be carried on the blood bag, more complex options are being investigated.

The regional transfusion centres in Oxford, UK, and Kassel, Germany, are looking at a two-dimensional bar code called PDF 417 to identify the donor, reveal test data and so on. Unlike traditional bar codes where data is held in the thickness of the stripes and the height of the bar is irrelevant, PDF417, developed by Symbol Technologies, of Bohemia, New York, and promoted in the UK by Bar Code Systems, contains a series of codes stacked on top of each other.

As a result a single code can contain up to 1,750 characters, compared with 13 on a traditional bar code. Symbol Technologies: US, 516 563 2400. Bar Code Systems: UK, 081 549 0909.

PC and fax avoid traffic jams

More than 50 per cent of faxed documents are prepared on a computer, but most are printed before they can be faxed. The alternative – to put a fax board inside the PC – means other documents cannot be sent while the computer is faxing, and the power has to be left on to receive faxes outside office hours.

Japanese fax specialist Muratec has teamed up with software company Wordcraft International to produce a plain paper fax machine that sits next to the PC and enables faxes to be sent from both. Incoming faxes can either be printed out or stored and displayed on the PC. Muratec: UK, 0737 780178.

Keeping learners in their place

THE sleek new designs and moulded bumpers of today's cars mean that learner drivers in the UK have a problem in safely attaching "L" plates to their car – and removing them when a qualified driver takes the wheel, as required by law.

So Inventions, of Milton Keynes, has come up with a seven-inch rigid plastic case that resembles a compact disc box. On one half is printed the red "L", on the other half are strong magnets that fix to the roof of the car while the "L" stands perpendicular. Inventions: UK, 0296 728136.

PEOPLE

Taylor to head URA

David Taylor, managing director of Amec Developments, has been chosen as the first chief executive of the Urban Regeneration Agency, the public body that will be set up this autumn to reclaim 150,000 acres of vacant land.

Mr Taylor, a 43-year old Scot, beat off competition from 177 other candidates to win the post. Lord Walker, chairman designate of the URA, said Mr Taylor had been chosen because be had experience "at the leading edge of regeneration activity and the personal qualities to match."

"He is already well-respected in both the private and public sectors and will give the agency a head start in developing the partnership approach vital to its success," he added.

Mr Taylor, who originally trained as an architect, has spent four years at Amec Developments, which is responsible for urban regeneration schemes in Merseyside, Newcastle and Salford Quays.

Before joining Amec, he was managing director of Lancashire Enterprises, an agency set up by local authorities in the north west.

Mr Taylor has served on the Business in the Community task force responsible for preparing a report on raising finance for inner city areas. He has also been a member of the Prince of Wales' Urban Village Group and a director of the North West Business Leadership Team.

Mr Taylor, whose appointment was announced yesterday in a written parliamentary answer by John Gummer, environment secretary, said thet his task over the next few months would be to decide on the agency's strategy with Lord Walker.

He will work as a consultant to the Department of the Environment until the agency is formally established under the Leasehold Reform, Housing and Urban Development Bill which is now going through Parliament.

The agency, which is sometimes described as a roving urban development corporation, will subsume the Derelict Land Grant and City Grant programmes which will account for £177m of funds from the Department of the Environment this year.

Publisher puts finance on board

Dorling Kinderaley, the publisher of highly illustrated reference books, has appointed its first board-level finance director eight months after its spectacular debut on the Stock Exchange.

He is Peter Gill, 37, group development director and company secretary of Abbott Mead Vickers, the listed advertising agency. Gill, who spent 10 years with Arthur Andersen, the chartered accountants, will also act as DK's company secretary.

The publisher's finance function has until now been headed by Lyn Blackman, who sat on the board only as company secretary. She will be moving to a three-day week, and working on new business development.

Richard Harman, DK's managing director, said Gill's services had been secured after a "gentle search" by headhunters. No one had questioned the absence of a finance director on the board during the flotation process – partly, no doubt, because both he and Rod Hare, DK's operations director, were chartered eccountants. DK's shares have risen more than 75 per cent since flotation.

Marsden quits Premier

Philip Marsden, corporate development director of Premier Consolidated Oilfields, has resigned to pursue other interests. Both parties say the parting was amicable.

The departure of Marsden, an active former head of mergers and acquisitions at County NatWest, comes six months after Roland Shaw, the founder of Premier, nominally stepped down from his executive chairman position under some pressure from institutional investors.

Whispers from the City suggest Shaw may, however, still be playing a more active role than might be expected from a non-executive chairman. The 70-year-old Shaw, whose larger than life presense has dominated Premier for 10 years, is understood to be in the office for much of the week. "He (Marsden) may have been a bit frustrated," said one close observer. "Shaw has given up much of the hands-on management. It is difficult for a chap like that to suddenly retire."

CSEU confirms Robson

Alan Robson, 51, waa confirmed as the new general secretary of the Confederation of Shipbuilding and Engineering Unions at its meeting in Llandudno yesterday.

Mr Robson, deputy general secretary of the AEEU engineering union since 1990, succeeds Mr Alex Ferry, also a former AEEU official, who was an important player in the campaign by the engineering unions for a 37-hour week.

The campaign won shorter working weeks for hundreds of thousands of workers. Mr Robson, who startsd his career as an apprentice at Swan Hunter shipyard, is keen to start campaigning for a 35-hour week when the economy picks up. But he believes many employers would be unwilling and unable to concede such hours.

The CSEU is an umbrella organisation for engineering and shipbuilding unions and negotiates on their behalf locally. It used to be an important force in national pay talks with angineering employers but this role ended after disputes over the shorter working week.

Rowlands takes on top job at HTV

Chris Rowlands, the 41-year old finance director of HTV, the ITV company for Wales and the west of England was yesterday appointed chief executive with immediate effect.

He takes over from Charles Romaine, 56, who was with HTV for two years and successfully saw it through the bids for new franchises. It is believed that Louis Sherwood, the HTV chairman sought Mr Romaine's early retirement.

The appointment reflects the changing nature of independent television and the hard struggle HTV faces following its high bid of £20.5m a year to retain its franchise.

Mr Rowlands, a qualified accountant with a Cambridge economics degree, is a specialist in ITV advertising.

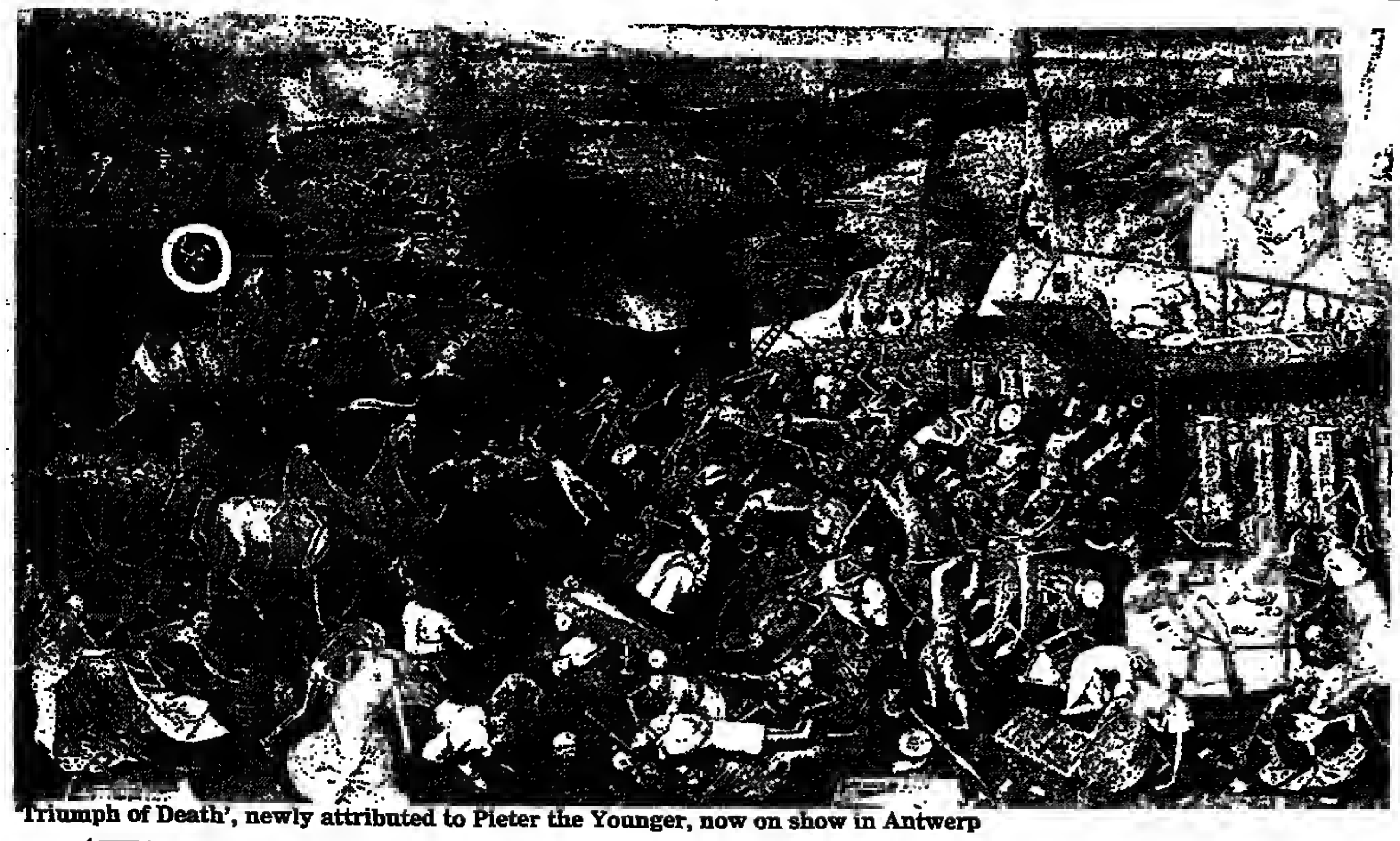
He joined HTV as finance director in May 1992 and had previously worked at the Asda retail group. His responsibilities at Asda included devising and implementing corporate property plans and managing new construction of about £300m a year and £1.5bn of Asda property assets.

At HTV Mr Rowlands has been responsible for cost-cutting and rationalisation aimed at taking the company back to profit.

Mr Sherwood yesterday paid tribute to Mr Romaine's role in steering HTV through the bid process against fierce competition and launching the policy of selling non-core businesses and reducing the company's cost base. Mr Rowlands said he was confident HTV would be able to honour fully its licence obligations.

He added: "My immediate task is to ensure that HTV repays the loyalty of its shareholders by returning the company to profitability."

■ Imperial Chemical Industries has appointed Roger Hurn as a non-executive director from next October. Mr Hurn is chairman and chief executive of Smiths Industries. His appointment brings the numbers of executive and non-executive directors back into balance at five of each.



'Triumph of Death', newly attributed to Pieter the Younger, now on show in Antwerp

'Triumph of Death' rediscovered

Five years ago, a "Triumph of Death" was found hanging in the bedroom of a reclusive American multi-millionaire. The large canvas was clearly an old copy of Breughel the Elder's famous painting in the Prado – dirty, damaged, and badly repainted in the last century. Cleaning has now revealed it to be a signed and dated version by Breughel's son, Pieter II. On June 18, it went on view at the Museum Mayer van den Bergh in Antwerp until May next year.

A painting as macabre as Breughel's "Triumph of Death" would not be everyone's choice for a bedroom. However, its late owner was a remarkable character. Peter Putnam was born into a wealthy family in Cleveland, Ohio. As a young man, he renounced the comforts of wealth, working as a theoretical physicist, a college lecturer and social worker, all the while elaborating a complex theory reconciling science, morality and religion.

Yet Putnam was also a brilliant investor. He turned $7m into a $40m fortune by the time of his death. Aged 62, Putnam was cycling home from his job as a night-janitor in a small town in Louisiana when he was struck by a car and killed.

Putnam and his adored mother Mildred were philanthropically inclined. Last month, the American charity Nature Conservancy revealed that the cornerstone of its Last Great Places appeal was a secret $38m bequest in the wills of Putnam and his mother. Princeton University, where Peter graduated, is dotted with the Putnam Collection of sculpture, presented as a memorial to Peter's brother.

The redoubtable Mildred Putnam gave a quantity of 20th-century art to Princeton, Cleveland Museum and elsewhere. Not all the beneficiaries showed themselves grateful. Kent State University declined a piece she commissioned from George Segal in memory of the four students shot by the National Guard at the 1970 anti-Vietnam War protest. Mrs Putnam not only accepted her son's homosexuality, she commissioned Segal for a piece honouring the Gay Liberation Movement, which conservative Ohio did not wish to have. The sculpture now stands in New York's Greenwich Village.

The residue of the Putnam fortune, including the "Triumph of Death", now belongs to a charitable foundation which Peter named after his mother. James Corcoran, an American art-dealer, is masterminding the re-emergence of a picture he estimates as worth between £5 and £6m. The Mayer van den Bergh makes an extremely good shop-window for it, being rich in works by the Breughel family.

Fritz Mayer van den Bergh was an ardent admirer of Breughel the Elder at a time – the 1890s – when others were lukewarm. The wealthy young aesthete was able to buy for a song what is perhaps the most remarkable and mysterious of all the elder Breughel's apocalyptic visions, "Dulle Griet", the armed harridan who strides across a ghastly landscape of bloodshed and fire, makes an apt pair for the Cleveland "Triumph of Death".

Pieter the Younger and Jan each copied the "Triumph of Death", Jan twice and Pieter, it now appears, three times. They saw no difficulty about altering their father's composition. Certain changes are aesthetic. In the elder Breughel's day, skeletons were shown with flesh on their bones; his sons' creations are bone-naked. However, Pieter put clothes on his father's naked Eve, and had second thoughts about a dead baby. However, if two Belgian art-historians are correct, Pieter included other changes which make the Cleveland picture far more than just a ghoulish pot-boiler.

Hélène Verougstraete and Roger Van Schoute have suggested that Pieter was painting a double-memorial. In 1625, the year before the newly-uncovered date on the canvas, Jan and three of Jan's children died from cholera. Another date is prominent in the picture; 1525, marked on funeral banners carried by a procession of skeletons, together with two crossed bones and the legend "Obiit morte[m]", "He has passed on." What was the significance of the date?

The suggestion is that Pieter was marking the centenary which had elapsed between his brother Jan's demise and the birth of their father, Breughel the Elder. If this view is correct, it pinpoints the master's date of birth which is normally given only as "circa 1524". On the right of the painting, the merry company interrupted by skeletons, is also cited in support of this centennial thesis. Ten sprigs on the handsome gateau must commemorate ten decades.

Pieter, it is claimed, had painted a masterpiece heavy with personal meaning – one last "Triumph of Death" for the Breughels. Perhaps the theory is correct, although is there any other evidence of 17th-century artists marking family centenaries in this way? It seems far from obvious that a bereaved person would remark a 100-year interval between a father's birth and a brother's death.

Where Breughel the Elder' birthday is concerned, the theory may be mistaken. However, the notion that a mourning brother painted the Cleveland "Triumph" as a memorial certainly has poignancy, not least in terms of the other Peter. Putnam bought his painting (sold as school of Breughel) when he was about 20, touring Europe. Some four years earlier, in 1944, his adored elder brother had been killed serving as a fighter pilot.

It is impossible not to think that Breughel the Elder's message struck to the wealthy young man's heart. On two scrolls, Pieter had added to his father's work the quotations from the Apocalypse and Ecclesiastes which it illustrated so unforgettably: "There came a pale horse whose rider's name is Death, and Hades followed after him" and "For man is on the way to his eternal home." Breughel's fearsome vision kept a 20th-century ascetic company for the rest of his days.

Patricia Morison

Opera/**Richard Fairman**

Two student Brittens

So long as there is no indigenous opera company in Manchester, the Royal Northern College of Music will be able to claim a very visible share of the operatic scene. It has been particularly ambitious of late – Vaughan Williams's *The Pilgrim's Progress* last year, Massenet's *Cendrillon* at Christmas – and its summer-term offering comprised two wholly new productions: Britten's *The Turn of the Screw* and *A Midsummer Night's Dream*.

For a music school this is quite an undertaking. One of the operas may be only small-scale, but that does not necessarily make a high standard of musical preparation easier to achieve. The orchestral playing on both nights was consistently good. There are professional performances of these operas that pass by without imparting as much character as the students did under their conductors, Timothy Reynish and Christopher Gayford.

Like the operas, the two stagings were quite different. Sally Day's production of *The Turn of the Screw* became entangled in problems as to what to show on stage and what not, but it gave the audience something to think about. At the beginning it was made clear that the Governess was besotted with the children's guardian. When the ghost Quint and boy Miles later appeared, both with the sama looks and red hair, all manner of inter-relationships was set up – a highly complex sexual equation.

It was hardly surprising that Marianne Joseph as the Governess should get a lot out of her role, but she did so in a mature way, singing with care for the words and putting before us a composed and educated woman. Michael Bennett was an incisive tenor Quint and Mary Pope a strong, slightly raw Miss Jessel.

The other producer, Geoffrey Saunders, saw *A Midsummer Night's Dream* in more conventional terms. The sets resembled the original Covant Garden staging (exhumed by tha RNCM itself not so long ago). Nothing very sinister was lurking in its nocturnal shadows. This was a benign dream, merely fantasy and humour with a few moments of saccharine sweetness, as when Tytania settled down for the night in a rosy pink bower like a huge meringue, surrounded by flickering candles.

The impressive feature was the all-round strength of the large cast. Singling out individual names seems unfair, but Elizabeth Campos made a sparkling Tytania and Wyn Pencarreg a touching Bottom, if not the gauche extrovert the role implies. Both pairs of lovers, Manreen Murphy and Jeffrey Lloyd-Roberts, Louise Armit and Richard Whitebouse, included voices of some promise. A pity that Puck was taken in pantomime-style by a girl: not, I suspect, an idea of which Britten would have approved.

Productions sponsored by Manchester Airport and Bailcast

Theatre/**Malcolm Rutherford**

Present Laughter

If you want to see just one play in London's West End this summer, go for the revival of Noel Coward's *Present Laughter* at the Globe. It is not Coward's best piece and lacks the precision of *Hay Fever* and *Private Lives*, but under Tom Conti's direction there are times when it seems the next best thing and, because you may not be too familiar with it, there should be new delights.

Conti stars as well as directing. He plays Gary Essendine, the actor, lover, writer and wit who comes close to being Coward's idealised version of himself. This dual role of actor/director is at the heart of the production. It allows Conti to dictate the pace. At times, playing Essendine, he is the protagonist: for example, when he savages a young would-be dramatist for wanting to write pyschological plays, like Chekov. Go into rep, Essendine tells him, and learn what is "actable". The young man, memorably played here by James Purefoy, is duly stunned and henceforth wants to act, write and live like Coward.

At other times, Conti the director becomes more detached. He stands back and watches the action going on around him – from lovers, admirers and *domestiques* alike. There is, if you are looking for theatrical influences, a remarkable amount of *Present Laughter* in John Osborne's *Inadmissible Evidence*, which was revived at the Royal National Theatre last week. Compare the use of the telephone in both plays, as well as the promiscuity.

Where Coward and Conti score is in the detail and the household arrangements. Essendine has three domestic helpers: a spiritualist Scandinavian housekeeper played by Hans-Maria Pravda who has a devastating touch with the hoover, a valet called Fred and a wonderfully smart secretary (Gabrielle Drake) on whom he depends for almost everything but romance. Not only do these wildly different people get along well enough with each other; Essendine is at home with all of them. This is the classless society or Coward showing off the breadth of his taste.

There is also a beautiful semi-separated wife ready to come to the rescue whenever danger lurks or another woman threatens to go too far. Certainly as played by Judy Loe she is a sparkling asset, a supremely elegant *dea ex machina* always at the end of a telephone line at the right time. Thus here is the essence of the Coward-Conti family.

Just like the Bliss family in *Hay Fever* no-one else is allowed more than a look-in for long, though some of the supporting parts in *Present Laughter* are weaker. There is very little to be said for the two male roles of Henry and Morris who looks as if they have strayed in from the nearest golf club.

Possibly that is a fault of the production rather than the original Coward. If so, it is the only one. Conti's own performance is to be treasured. He passes the ultimate acting test of sometimes being even better when he is silent than when he is speaking. Watch him just observing other people. He is marvellously vain. Whenever the door bell rings, he moves towards the mirror to preen himself. When it rings almost for the last time, he makes the same instinctive movement then draws back as if to say "sod it!" He makes Coward seem a much nicer man than he probably was, and he makes *Present Laughter* the play to see.

Globe Theatre. (071) 494 5065

Moti Roti, Puttli Chunni

Even being in the audience at the Theatre Royal, Stratford East nowadays is an experience in itself. Nowhere else in the London theatre is there such a sense of direct participation. If Stratford East put on a really bad production, one has the sense that the audience would throw things at it.

There is no such problem with *Moti Roti, Puttli Chunni*, which is Hindi for "Thick Bread, Thin Veils," and part of this year's London International Festival of Theatre (LIFT) 93. The source is the prolific Indian movie industry which specialises in high drama, violence, passion and romance. Here it has been partly turned into theatre: some of the action takes place behind a veil, as though on screen, then the real characters appear, as in a play.

The plot has also been devised for Britain. These are Indians who have emigrated in order to get away from arranged marriages and undue family interference, but who mainly consort with Indians when they get here, maintain their links with Bombay and still stick very largely to their own culture with a bit more freedom.

Moti Roti concerns a construction company called Kumar Developments which operates in London's East End and, like many companies, is in trouble with the end of the property boom and has probably cut a few corners on the way. It attempts to revive its reputation by building a public health complex, but when the Kumar family runs out of money, they seek to turn the complex private. Corruption is rampant.

So is every other kind of passion. If one had to attach a label to the style, it would be melodrama, so the old theatre at Stratford East is a very fitting place for it. The audience hisses at anything villainous and cheers ironically at the sentimental passages.

No doubt there is more to *Moti Roti* than meets the average Anglo-Saxon eye and ear. Some of the dialogue is in Hindi. Yet even the dullest Englishman can scarcely fail to rise to the zest, the passion and the sheer enthusiasm. It may be soap, but it is Indian soap on an epic scale with handsome men and beautiful women, though also a wonderful comic character in Ajay Chhabra's Bunty.

The colours are lurid – mostly shades of purple – but even that adds to the impression of an Indian Hollywood run wild. They call it Bollywood. Direction and design are by Keith Khan. The audience at the first night was a huge ethnic mix; they all loved it. Part of the pleasure is simply being there.

M.R.

Theatre Royal, Stratford East until July 17. (081) 534 0310

RSC lightweights come to London

The two 1992 stagings that the RSC has just brought to London – *A Winter's Tale* in the main Barbican, *The Odyssey* in the Pit – are both lively and both lightweight. One particular feature of the *Winter's Tale* production is that too few of the actors know how to make minor syllables, minor words, rapid and/or hushed utterance register to the sides and depths of the big theatre: a flaw that has made too many RSC transfers lightweight in the big Barbican Theatre.

This *Winter's Tale*, which won several golden opinions in Stratford, is directed by Adrian Noble. It runs fluently, tells its story clearly, proves a good show. The groundless jealousy that makes Leontes so problematic a role becomes credible here; John Nettles's multi-faceted Leontes blows warm and cold, is trusting and suspicious. Yet when I remember Peter Hall's (by no means perfect) 1988 National Theatre *Winter's Tale*, I find that Noble's staging misses the play's scale. There is a high-flown edge of heroic melodrama to Leontes, making us stand apart from him even as he sucks us into his violent inner whirlpool; and so Tim Pigott-Smith showed. Nettles is sensitive, reasonable, but small-scale. He neither distances us nor draws us in.

Paulina, by contrast, embodies good sense and moral outrage without ever soaring into such heights: and Eileen Atkins's raging force vibrates in the memory. Gemma Jones has both sense and sensibility, but her account of this winning role is a tad too elegant and refined. Samantha Bond's charming Hermione has more edge; and Andrew Jarvis's Antigonus is more directly communicative. Phyllida Hancock's Perdita is a fake-radiant country-bumpkin bore, and Richard McCabe's Autolycus is sour even when amusing. Anthony Ward's designs (with costumes veering between Victorian gowns and blue denim jeans) make a big gimmick out of balloons: entertaining, without illuminating the play.

Derek Walcott's version of *The Odyssey*, as staged by Gregory Doran, is a vivid little dollop of multiculturalism and transhistoricism, recommended chiefly to politically-correct wet liberals. (Costumes range from Ancient Greek to traditional Caribbean. Accents, even among the residents of Ithaca, from Caribbean to Sonth London. Parlance switches from "My love is like a little black lamb asleep on a hill" to "Me lost a husband too.")

All of which, as applied here, shrinks Homer's world considerably. Walcott winds the old story up as if it were *The Wizard of Oz*, with Odysseus suddenly recognising the people of his 20-year absence in the faces of the folk back home.

Walcott's revisionist account does nothing shocking, but it is soppy enough to make Odysseus win over mean old Thersites. This is not – is not meant to be – an epic. Just lots of poetry. Some of Walcott's lines are fine (Odysseus says of Ajax: "He always strode as if earth were dung to his heels"), but there are over-many self-conscious purple patches in which one metaphor is piled too rapidly on another.

And this *Odyssey* boils Homer's characters down into two-dimensional stereotypes. Ron Cook is a natural Odysseus (wily, fallible, determined), and perfectly judges this production's sub-heroic tone. Too many of tha supporting roles are cheaply conceived, but Peter de Jersey plays Eurylochus, Achilles, and other roles with a kind of integrity that is arresting.

Alastair Macaulay

In repertory at the Barbican and the Pit

INTERNATIONAL ARTS GUIDE

This year'a BBC Proms at the Royal Albert Hall, London, begin on July 16 with e concert performance of Elektra conducted by Andrew Davis, and end on September 11 with the traditional Last Night concert, conducted this year by Barry Wordsworth. In between there are more than 60 concerts, all broadcast live on Radio 3. This year's Prom season has no theme, but there are plenty of anniversaries to celebrate – not least the 150th anniversary of the birth of Grieg, the centenary of the death of Tchaikovsky and the 50th anniversary of the death of Rachmaninov.

The growing interest in early music and performance style is reflected in 11 concerts of music from the Renaissance, Baroque and Classical periods. The Hanover Band gives an all-Bach programme (Aug 2); Roger Norrington conducts the Schütz Choir and London Classical Players in Haydn's The Seasons (Aug 29); Trevor Pinnock and The English Concert give an all-Mozart programme (Sep 1); and Frans Brüggen conducts the Orchestra of the Age of Enlightenment in the annual Proms performance of *Beethoven's Ninth Symphony* (Sep 5). On the penultimate night, London Baroque and the Choir of King's Collega Cambridge (*making its first visit to the Proms*) perform an all-English programme of Byrd, Handel and Purcell.

Of the 102 composers featured, 23 are living composers. There will be world premieres of works by John Buller and Nicholas Sackman, and British premieres of Henze'a Requiem (Sep 5) and Lutoslawski'a Fourth Symphony (Aug 27). Gorecki, Maxwell Davies, Schnittke and Ligeti are also represented. As usual, the BBC's own orchestras bear the main burden of the season, but there are guest appearances by the Leipzig Gewandhaus Orchestra with Kurt Masur (Aug 30, 31), Oslo Philharmonic with Mariss Jansons (Aug 23, 24), the European Community Youth Orcheastra with Kurt Sanderling (Aug 18) and the Gustav Mahler Youth Orchestra with Claudio Abbado (Aug 9). The Royal Albert Hall Ticket Shop is open seven days a week (071-823 9998)

■ EXHIBITIONS GUIDE

AMSTERDAM

Van Gogh Museum The Potato Eaters: sketches, drawings and paintings leading up to the chef d'oeuvre of Van Gogh's Dutch period. Ends Aug 29. Courtesans in Japanese Prints. Ends Aug 29. Daily

Rijksmuseum Rembrandt in a new light: seven restored paintings. Ends Nov 1. The Jacobus Klaver Collection: 100 Dutch 17th and early 18th century drawings. Ends July 25. Closed Mon

BARCELONA

Fundacio Joan Miro Joan Miro: large-scale centenary exhibition. Ends Aug 30. Closed Mon

BERLIN

Neue Nationalgaleria Beyeler Collection: an outstanding private Swiss collection of early 20th century paintings. Ends Aug 1. Closed Mon

Alte Nationalgalerie Oskar Reinhart Collection: paintings by 19th century German, Austrian and Swiss artists. Ends Sep 12. Closed Mon and Tues

Martin-Gropius-Bau American Art in the 20th Century: a monumental survey containing 200 works by 60 prominent artists, focusing on art produced between 1945 and 1970, when America became the dominant force in art. Ends July 25. Closed Mon (This exhibition will be shown in London in the autumn)

CHICAGO

Art Institute Chicago Architecture and Design 1923-93: 400 pieces focusing on themes of the urban world as it changed after the Great Depression and the Second World War. Ends Aug 29. The Moscow Avant-Garde 1955-91: ten architects from the postwar period. Ends Aug 15. Daily

DRESDEN

Albertinum South-West German Art 1914-45: a survey of trends in artistic circles in Stuttgart, Karlsruhe and other centres between the wars. Ends Aug 29. Closed Thurs

Zwinger 18th century Chinese pink porcelain from Dresden collections. Ends Sep 22. Closed Fri

ESSEN

Folkwang-Museum Morosov and Shchukin, Russian Collectors: 120 works from the St Petersburg Hermitaga and Moscow Pushkin Museums, representing the remarkable collection of French Impressionists and early moderns built up by two Russian entrepreneurs in the early years of this century. Ends Oct 31. Closed Mon

FLORENCE

Palazzo Strozzi Vassily Kandinsky: 38 oils, watercolours and paintings on glass by the Russian painter covering the years 1900-20. Tha exhibition includes some of his early chaotic, typically Russian symbolist works and cheerful landscapes, many painted on his frequent visits to the Tyrol (from the Russian Museum in St Petersburg) and also shows his gradual move into abstract art, working closely with Klee, Arp and Schoenberg. Ends July 18

LAUSANNE

Fondation de l'Hermitage Monet and His Friends. Ends Sep 26. Closed Mon

Musée Cantonal des Beaux-Arts Balthus (b1908): more than 80 paintings and drawings by tha French painter from a Polish background who was encouraged by Derain and Bonnard. Ends Aug 29. Closed Mon

LONDON

Tate Gallery Art and Liberation: painting and scultpure in postwar Paris 1945-55. Ends Sep 5. Turner's Painting Techniques. Ends Sep 12. Daily

National Gallery 18th and 19th century paintings and drewings from Lille. Ends July 11. Also 10 Velazquez paintings from Aspley House. Daily

Royal Academy of Arts Summer Exhibition. Ends Aug 15. Daily

Accademia Italiana Italian Art Treasures, including works by Guercino, Domenichino and Caracci. Ends July 25. Daily

LUGANO

Villa Favorita Lost Empire of the Silk Road: e remarkable collection of 87 well-preserved pieces of Buddhist art from the 10th-13th centuries, which lay buried in Khara Khoto, under the sands of the Gobi Desert, until they were uncovered during archaeological research in 1908. Among tha exhibits are colourful scrolls from the Chinese Song dynasty, portraits of Tangut lifestyla and a large double-headed Buddha sculpture. Ends Oct 31. Also 19th and 20th century paintings and watercolours from the Thyssen-Bornemisza Collection. Ends Oct 31. Daily except Mon

MADRID

Fundacion Juan March Picasso and the Three-Cornered Hat. Ends July 4. Daily

MUNICH

Neue Pinakothek Max Beckmann: 25 self-portraits from the 1880s to tha 1940s. Ends July 25. Closed Mon

Alte Pinakothek The Fame of the Hero: 17th and 18th century historical and genre paintings from the French, Flemish and Dutch schools. Ends July 11. Closed Mon

Villa Stuck Avant-Garda and Ukraine 1910-36. Ends July 11. Also Sol LeWitt (b1929). Ends July 18. Closed Mon

Lenbachhaus Idealism and Nature: 100 drawings and watercolours from the museum'a collection of work by Munich artists from the period 1780 to 1850. Ends Oct 3. Closed Mon

NEW YORK

Guggenheim Museum Paul Klee: 60 works from the museum'a own collection, spanning the Swiss-born artist'a career. Ends Sep 19. The SoHo site has Singular Dimensions in Painting: minimalist works from the 1960s and 70s. Ends Aug 22. The main museum is closed on Thurs, the SoHo site on Tues

Metropolitan Museum of Art Drawings from the Getty Museum. Ends Aug 8. Abstract Expressionism: works on paper from the period 1938-87 by American artists. Ends Sep 12. Closed Mon

Museum of Modern Art Latin American Artists of the 20th century. Ends Sep 7. John Heartfield: political images by the German inventor of photomontage. Ends July 6. Closed Wed

Brooklyn Museum 20th century drawings: 90 works from the permanent collection, all made between 1903 and tha present by American and European artists. Ends Sep 19. Closed Mon and Tues

PARIS

Louvre Copier-Créer: from Turner to Picasso, 300 works showing how artists copied the great masters. Ends July 26. Closed Tues

Museé du Luxembourg Roman Wall Paintings around Narbonne. Ends July 4. Closed Mon (19 rue de Vaugirard)

Petit Palais The Splendour of Russia: a thousand years of goldsmiths' work. Ends July 18. Closed Mon

● Cartes musées availabla at all metro stations and museums, to avoid queuing at 60 museums including the Louvre, Musée d'Orsay and Versailles.

PRAGUE

Wallenstein Riding School Expressionism and Czech Art 1905-27: 80 paintings and e vidéo of Czech period films, along with drawings, sculptures, posters and scenographic sketches. Ends Oct 19. Closed Mon

Kinsky Palace Rembrandt and his era: 30 original Rembrandts from the National Gallery'e collection, accompanied by works of contemporary masters. Ends Aug 1. Closed Mon

WASHINGTON

National Gallery of Art The Great Aga of British Watercolours 1750-1880. Ends July 25. Also Great French Paintings from tha Barnes Foundation. Ends Aug 15. Daily

National Portrait Gallery American Art at the 1893 World Fair. Ends Aug 14. Daily

National Museum of American Art Masterworks from American Art Forum Collections 1875-1935. Ends July 5. Daily

Strong-arm tactics

The managed trade camp in the US is gaining revisionist adherents, says **Michael Prowse**

It used to be said that nothing is certain except death and taxes. Japanese bureaucrats would probably add a third certainty to the list: US demands for e reduction of trade barriers. Whatever the character of the new Japanese government, it can count on unrelenting pressure from the Clinton administration, not just to respect the letter of trade agreements, but to bring the share of Japanese imports in sensitive sectors into line with global norms.

Washington's determination to make Japan change its ways is reflected not just in the speeches of administration officials, but in revisionist thinking on the part of its think-tanks. In a book * on US-Japan economic relations published today, Fred Bergsten and Marcus Noland of the Institute for International Economics join the managed trade camp, arguing thet traditional strong-arm tactics are essential if the US is to gain reasonable access to many Japanese markets.

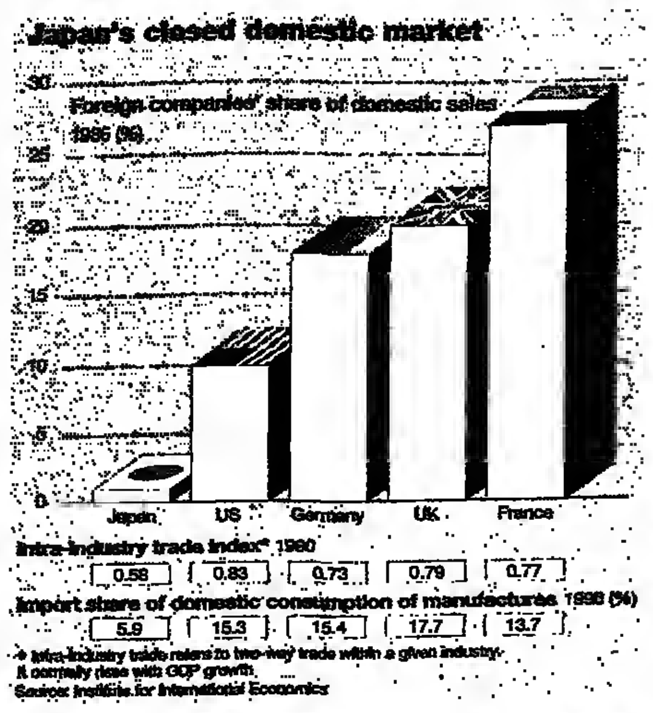
They claim that Japanese trade barriers are reducing US exports by up to $18bn a year.

It is e *volte face* for Bergsten, the institute's director, who championed liberal trade policies throughout the 1980s. A few years ago, for the sake of intellectual balance, he invited Ms Laura Tyson, then a professor at the University of California at Berkeley, to write e book on managed trade. Now he is echoing her arguments, and Noland has left the institute to join her staff at the Council of Economic Advisers.

Bergsten and Noland claim they remain free traders et heart. Their preferred course is to identify specific trade barriers and demand their removal. But, they say, restrictive practices are often so entrenched and opaque that this is impracticable:

"In such cases the US has to choose. It can try to induce Japan (through governmental action or changes in the behaviour of Japanese companies) to accept one or two American firms into an existing cartel, (the "co-optation strategy"), or it can seek a voluntary import expansion that would benefit a much larger number of outsiders", they write.

The co-opting of American companies into a cartel is tantamount to an admission of defeat. It can be justified only on political grounds. As Bergsten and Noland admit, it will often backfire because once US companies begin to earn monopoly profits in Japanese markets, they lose interest in trade liberalisation.



Voluntary import expansion orders (VIEs) are another name for the quantitative market share targets that the Clinton administration has already signalled it favours. As in the notorious 1986 semiconductor agreement, Japanese bureaucrats, in effect, would be asked to reserve a portion of the home market for foreign companies. There is no rational means of determining what that share should be.

The authors say such deals are a "second best" solution bnt proceed to recommend them, for example in supercomputers and fibre optics. This explicit stamp of approval for managed trade from a respected, centrist research institute is quite a coup for the Clinton administration, which can now claim that its policies reflect the "mainstream" views of US academia.

Yet much of the Bergsten/Noland analysis hardly supports their own conclusions. They start by pointing out that the US's bilateral trade deficit with Japan has barely risen in recent years and is anyway "not a proper focus for policy". The significant imbalance is Japan's $130bn overall current account surplus, and this can best be influenced by macro-economic levers, such as fiscal policy and currency appreciation.

They argue, correctly, that the US and Japan are converging economically (meaning they are becoming more, rather than less, alike) and that Japanese trade barriers have fallen markedly in the past decade. They point ont that corporate America has begun to put its house in order and that loss of US competitiveness largely reflects domestic failings sucb as low savings, and poor edncation and training.

If Japan is changing anyway, why throw in the towel on free trade? With the Clinton administration lurching towards bureaucratically managed trade with Jepan, should not the institute be empbasising the classic arguments for multilateral, rule-based trade?

Bergsten is obviously sensitive to such arguments. Indeed, he says he was on a knife edge when writing the book. He might easily have come down against even limited forms of managed trade.

What caused him to change his mind, he says, was detailed analysis of individual Japanese sectors. Bergsten and Noland looked at the whole gamut of economic activity from agriculture to cars, computers and financial services. In virtually every case they claim to find a profusion of barriers, albeit often of enbtle forms. The book, says Bergsten, "is a damning indictment of a closed, exclusionary system".

Some of the evidence is summarised in the table. The import penetration ratio in Japanese manufacturing is below 6 per cent compared with more than 15 per cent in both Germany and the US. The extraordinarily low level of foreign direct investment in Japan is reflected in foreign companies' minuscule 1 per cent share of all domestic sales; comparable figures are 10 per cent in the US and 18 per cent in Germany.

Nobody disputes that Japan should take steps to open domestic markets. The argument is over the means to this end. Bergsten has joined the growing camp that argues that Japanese restrictions are so egregious that unorthodox methods must now be tried. He also believes that *gaiatsu* – strong pressure from outsiders – is the only way to bring about changes that are ultimately in Japan's own interests.

Like the Clinton administration, the book makes a strong case. Turning up the heat on Japan may prodnce wonderful results. With luck, VIEs would lead rapidly to genuinely liberal trade with gains for all concerned. But by focusing on the short-run impact of policies on Japan, Bergsten and Noland understate the longer-term risks inherent in government bargaining over trade shares. VIEs could easily spread just as voluntary export restraints did in the 1980s, in the process progressively undermining the global trading system.

Since their own analysis suggests no vital American economic interest is at stake, it is not clear this is a risk worth taking. Why not be more patient, seek remedies through established multilateral channels, such as the Gatt, and rely on the common sense of young Japanese consumers to force change et home?

* *Reconcilable Differences? US-Japan Economic Conflict; by Fred Bergsten and Marcus Noland; Institute for International Economics*

Joe Rogaly

Orphans of the storm

The run of ill-fortune continues. Mr John Major is heeding the one-damn-thing-after-another administration. No sooner does it pick itself up than along comes a clearly malicious Fate to knock it down. Like the flying Dutchman, Britain's ghostly ship of state, captained by a spectre, is lost in a world of its own, wandering from storm to storm, forever trying to make a connection with reality, forever failing.

The longest recent period of serious, purposeful, respected, government that I can recall lasted about four days. It happened last week. The prime minister was the beneficiary of a run of favourable publicity for his new chancellor of the exchequer, whose down-to-earth sentiments are reported on the page opposite. A series of encouraging economic indicators helped. Mr Major's spirits were further uplifted by an uncharacteristic aggressiveness in his own performance at question time in the Commons. That seemed to put paid to the Labour leader, Mr John Smith.

Perhaps it was e turning point. After all, the principal event of *this* week was the meeting of heads of government of the European Community in Copenhagen. Mr Major is at his best at summits, and by his own lights he had a good one. He managed to sell out the Bosnian Muslims and slap the Germans in the face simultaneously, by thwarting the plan of the latter to provide the arms with which the ethnically-cleansed might defend themselves. His stand against social Europe may or may not have struck a chord in Denmark, but it seems to beve done him some good with the anti-Meastricht wing of his party back home.

Alas, the effect was ruined before the performance started. Mr Michael Heseltine was struck by a heart attack while in Venice. We do not yet know how soon, or whether, the president of the board of trade will return to his duties, but his absence, even for a few midsummer months, will be damaging to the government. It will be worse still if his doctors advise him not to return. Mr Heseltine has his imperfections, but he is an experienced, *grown-up politician* in a cabinet of relative newcomers. When the news came it seemed to his colleagues as if there was no end to the run of ill-luck that has dogged Mr Major and his crew since Black Wednesday.

The Conservatives then became entangled in a web partly of their own making. They were accused of accepting funds from people who wanted to influence them, some of these being foreigners, some of them crooks. This was hilarious coming from a Labour party that is governed by trade unions. Brother does not give contributions unto brother without expecting a dominant vote in return. Mr Smith was elected leader of his party by professional influence-peddlers. The Maxwell money that went to Labour did not come from an honest man. Yet the Tories would have done better if they had agreed to publish the names of their wealthier benefactors. That they will not indicates that they have something to hide.

I cannot get excited about this. British corruption, like British hypocrisy, has always been condncted at e certain level, the equilibrium of which is difficult to disturb. It is nothing like so gross as the Italian method, and nowhere so public as in the United States. *Of course* you can buy a meeting with a minister (or his opposition shadow). Invitations to Downing Street are a little more expensive. *Naturally* there is e price for OBEs (Opposition Buyers Excluded), MBEs (Many Buy Each), CBEs (Cash Before Everything), Knighthoods and a seat in the old folks' home known as the House of Lords. What you can not do is make an open purchase, a stated deal, an explicit bargain. The cheque goes to the Conservative party; the gong may or may not be in the post. The pretence that no transaction ever takes place is an integral part of this delicate traditional process.

Of course you can buy a meeting with a minister, or his shadow. Downing Street invitations are more expensive

The parliamentary row about these matters will have confirmed to those TV viewers who did not switch channels that our politicians are an unseemly lot. To that extent it will damage all parties, but the likelihood is that it is the Conservatives who have lost the most. Greater buckets of sleaze have been thrown at them by Labour than they have managed to throw in return. The connection with the fugitive Mr Asil Nadir is not easily *defended*.

It is here that Mr Michael Mates comes into the picture. If his resignation yesterday had been the only event of an otherwise untroubled season it could be written off as of no significance save to the hapless former minister of state for Northern Ireland. Bnt Mr Mates enjoyed too close e connection with Mr Nadir, or the latter's public relations adviser, not to mention the receipt of at least one favour. He travelled too near the line that divides legitimate dealings with interested parties from the secret world of influence-peddling. He is, I am sure, innocent of any impropriety, but that is not how it looks.

He has therefore further damaged the Conservatives. Who, in this of all weeks, will believe that his case was a one-off? Not those who remember Mr David Mellor, another minister who was obliged to resign after benefiting from the favours of others. In both cases, the downfall followed some weeks during which the prime minister was supposed to be adamant that his ministers would be defended, although he was less adamant about Mr Mates than about Mr Mellor. As with Mr Norman Lamont the agony was unnecessarily prolonged. It really is time that Mr Major learned his lesson. A ministerial resignation is always painful, particularly when it appears to be the result of a media vendetta. But Mr Lamont should have gone on Black Wednesday, Mr Mellor when his acceptance of outsiders' hospitality was broadcast, Mr Mates at least a week ago. The prime minister is the responsible party. In each case he should have known that resignation was the inevitable outcome. Everyone else did.

A few days ago, before Lady Thatcher called a halt, some Conservatives were certain that *Mr Major himself* would be next for the chop. I have no more idea than anyone else whether he will survive. What is clear is that he is doomed to sail yet awhile in the nether world of government without authority. Only a series of events – good events, happy events, successful events – can put him back in genuine control of the nation's affairs.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Recovery not a sign of net export-led growth in UK

From Dr John Wells.

Sir, The first quarter national accounts and balance-of-payments statistics released by the Central Statistical Office ("No increase in current-account deficit", June 23) show manufacturing output leading the gross domestic product recovery and diminished net imports of goods and services (at constant prices) accounting statistically for virtually all of the growth in GDP, since total domestic spending increased only marginally.

But to assume the recovery can be characterised as manufactured net export-led growth in the wake of sterling's exit from the ERM would be quite erroneous. In fact, the improvement in net exports of goods and services is not due to any improvement in export, relative to import, volumes in trade in goods (excluding oil and erratics) relative to the position before exit from the ERM but to a factor unrelated to devaluation; namely, e return of insurance earnings to more normal levels following two quarters of unusually high claims in the wake of Hurricane Andrew.

Moreover, within the roughly unchanged level of total domestic spending, privete consumption is rising slightly faster than GDP at the expense of central government consumption which is falling – reflecting diminished military spending. From the output statistics, while manufacturing is leading recovery, distribution is not far behind. All of this is consistent with a private consumption-led recovery benefiting manufacturing and distribntion – supported by an incidental one-off improvement in service export earnings. A recovery, yes! But, not manufactured net export-led growth.

John Wells,
faculty of economics and politics,
University of Cambridge

ITV survival

From Mr Greg Dyke.

Sir, Your welcome leader supporting e change to the ITV ownership rules ("British TV thinks big", June 17) did not include what I believe is the strongest argument for change. In a more commercial world, faced with significant and growing commercial opposition, an ITV run by 15 separate companies has virtually no chance of survival. In the new world ITV will need to develop policy and make decisions at e speed that 15 companies simply cannot move et.

Greg Dyke,
managing director,
London Weekend Television,
London SE1 9LT

Kereskedelmi Bank's equity

From Mr Hernadi Zsolt and Mr Michael Birch.

Sir, With reference to the report "Two Hungarian banks said to be technically insolvent" (May 20), the management of Kereskedelmi Bank and the auditors of the bank, Price Weterhouse, state that the reported negative capital of Ft13.7bn is not in accordance with the bank's financial statements prepared in accordance with international accounting standards. These statements show a positive shareholders equity at December 31 1992. The management of the bank heve no knowledge as to the source of the figures quoted in the article and neither they nor Price Waterhouse was contacted by authors of the study.

Hernadi Zsolt,
deputy chief executive,
Kereskedelmi Bank,
Michael Birch,
partner,
Price Waterhouse,
Budapest

Shifting blame

From R S Bristowe.

Your leader, "Local counsel" (June 17), and the response from the director of the Council for the Protection of Rural England (Letters, June 19/20) fail to explain the one crucial need the government has for the review of local government and why status quo is unacceptable to them.

Irrespective of what size the future unitary authorities are, their creation gives the government the perfect excuse to screw down their Standard Spending Assessment compared with their predecessor authorities. This way, the hard-pressed government will save money and the resulting shortfall in services will be blamed by both it and the new unitary euthorities on the incompetence of the predecessor authorities.

Neither district nor county will gain from the review. The government will be the winner and the user of local euthority services the losers.

R S Bristowe,
57 Crescent Road,
Sheffield S7 1HN

Disadvantages of a Manchester games should also be evaluated

From Prof Howard L Hughes.

Sir, I was pleased to note that Manchester's bid to stage the Olympics in the year 2000 has received such extensive and serious coverage by your paper. However, your survey (June 23), along with so much of the up-beat media coverage, may be creating a climate of optimism about the games that cannot be wholly justified.

The technique used for arriving at the estimates of expenditure, income and employment is widely used but there can only be confidence in such estimates under the most rigorous conditions. It is unwise to assume that anything like the figures quoted will result. Most jobs will, of course, exist only during the pre-Olympic period and the Olympics itself.

Of more significance is the long-term aspect of the games. Spending and jobs in construction are costs and are only a benefit if there is e "pay-off". At least two weeks of (hopefully) profitable ectivity will result from Olympic construction activity. After that, experience elsewhere suggests little can be guaranteed and indeed gives cause for pessimism.

If it proves impossible to operate the sporting facilities profitably after the games then the operation will have been more cost than benefit, regardless of any short-term generation of spending and job creation. If the legacy is under-used, unprofitable facilities then the whole exercise will have been no more than short-term opportunism.

The cost may, of course, be felt to be justified if there is significant inward investment in other industries and a long-term increase in tourism, though these are by no means certain and would be difficult to attribute directly to the Olympics anyway.

Disadvantages of the games are rarely touched upon and need to be incorporated into an evaluation of the net impact of the games. It is incumbent upon the media to encourage moderation in expectations of the benefits of the games otherwise the claims will ultimately serve to create only disappointment among the people of Manchester and the north-west.

Howard L Hughes,
professor of tourism management,
Manchester Metropolitan University,
Old Hall Lane, Manchester

New regime will not fill lorries

From Dr James Cooper.

Sir, The removal of cabotage restrictions on international hauliers, allowing them greater freedom to compete in European Community national markets, is undoubtedly a welcome development ("EC agrees on road charges for hauliers", June 21). Efficiency gains in the haulage sector will bring both economic and environmental benefits.

Yet it would be unwise to count on the elimination of the one in three goods vehicles whicb are quoted in your report as running empty. In the mid-1980s I led e study co-sponsored by the Department of Transport and the Chartered Institute of Transport, in which we concluded that the overwhelming reason for empty running was the imbalance of trade flows, with cabotage restrictions being a relatively minor factor. While trade imbalances endure, then so will lorries on the road with nothing in them.

James Cooper,
director,
Cranfield Centre for Logistics and Transportation,
Cranfield School of Management,
Cranfield, Bedford MK43 0AL

Beware of the zappers

From Mr Ken Mackenzie.

Sir, Christopber Dunkley (Arts, June 23) does well to complain ebout the compilation tape beginning Wimbledon on BBC. These people seem to think we have time to waste.

In Paris we watch the BBC World Service. I was horrified the other day to hear the man reading the news say: "After the break, we will have..." After the break! We suffer this continually on CNN, but it has the excuse of having to fit in some advertisements. But does the BBC think we have a limited attention span? Or does the news reader get tired?

We also suffer from endless compilations, complete with ineffable music, telling how good the news service is, what fine documentaries are available and what can be bought from the BBC shop. They are repeated again and again. If I see Hancock egain saying: "What do you mean May Day? This is June", I shall explode.

Tell them, please, Mr Dunkley, that we are busy people; modern life is rushed; and we have zappers and will run away if they are not careful.

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The future of social security

MR PETER Lilley, the social security secretary, used this week's annual Mais lecture to launch a public debate on the future of the UK welfare state. To encourage informed debate, he promised to publish data on trends in social security spending and projections of future growth. Mr Lilley's initiative is commendable, and in marked contrast to the secretive approach so far adopted in the government's public expenditure reviews.

In his lecture, Mr Lilley firmly focused on the growth in the social security budget. Excluding the cost of unemployment, real growth in social security spending has been 3 per cent a year for the last 14 years. The biggest increases have been in housing benefit, spending on long-term sick and disabled people and support for single-parent families. These have all more or less trebled in real terms since 1979.

The increased cost of benefits for the elderly has been much more modest at 38 per cent over that period. However, the elderly consume nearly half the social security budget and 14 per cent of public expenditure. And while the growth of private pension provision lessens the demand for income-related benefits, the cost of residential care for the most elderly increased from £10m in 1979 to £2.5bn last year.

The growth in the social security bill looks unlikely to abate. The government's forecast is a real increase in spending of 3.3 per cent a year to the end of the decade (though reducing unemployment would produce more manageable growth rates). A surprisingly small share of growth will come from extra spending on the elderly; it is benefits for the long-term sick and disabled and housing benefit that are the biggest factors.

As Mr Lilley pointed out, some steps have been taken to curb the growth. The state earnings-related pension scheme (Serps) was trimmed by the Fowler review. The Child Support Agency now pursues absent parents for the maintenance which only one in three single-parent families regularly receive. Steps have been mooted to ensure that invalidity benefit goes only to those who are genuinely unfit to work.

More may need to be done if social security is not to eat up an unsustainable share of national income. Serps continues to increase by more than the rate of inflation. Child benefit should be reviewed, since government figures show that it is the least well-targeted benefit. Further efforts are needed to ensure that benefits paid to the unemployed help them return to work.

The opposition may disagree with the government over priorities and the size of the social security budget. But they should resist easy party-political points in the debate that Mr Lilley seeks to encourage. If they were in power, the problems would be no different – as Labour recognised in setting up its Commission for Social Justice.

Nigeria adrift

GENERAL IBRAHIM Babangida's decision to nullify the outcome of Nigeria's presidential election plunges the country into its most serious crisis since the Biafran war in the 1960s. Africa's most populous nation is adrift, bereft of leadership and gripped by a deepening economic malaise.

The country's transition from military to civilian rule has been flawed from the start. Former politicians were banned, as were the 13 parties that originally sought to contest elections. The soldiers then foisted on the electorate two artificial parties, created by civil servants, with near identical manifestos. It has been a travesty of the democratic tradition the general promised to entrench.

Nothing, however, has undermined his credibility so much as the confusion that followed the presidential election on June 12, and the diktat that postpones the advent of civilian rule for the fourth time.

The poll was to have been the last step before a formal handover of power next August. Instead, it turned into a farce. A group calling itself the Association for a Better Nigeria, which seeks the extension of military rule until 1997, won a court order that halted counting of a poll that was generally agreed to have been largely free of the rigging which has characterised past elections.

If leaked figures are correct, Mr Moshood Abiola of the Social Democratic Party (SDP) defeated Mr Bashir Tofa, leader of the National Republican Convention (NRC), winning 58 per cent of the vote and taking 19 of Nigeria's 30 states.

Neither candidate inspired confidence in Nigeria's future, and far better qualified aspirants had been disqualified in the course of the bizarre electoral process. Nevertheless, most Nigerians chose civilian rule, however flawed, as the lesser of two evils.

It now seems clear, however, that the general will not step down on August 27, the anniversary of the coup that brought him to power in 1985. He and his supporters seem to have been seeking a pretext, however feeble, for extending the life of a corrupt regime.

The prompt and forthright condemnation of the action by London and Washington should leave General Babangida in no doubt that the best service he can now perform for Nigeria would be to reverse his ruling. But the measures that accompany their warning are symbolic rather than substantial. Far more persuasive would be an imaginative approach to Nigeria's crippling $30bn external debt.

There should be a clearer link between political and economic reform and the debt relief that Nigeria desperately needs. Substantial concessions could be delivered more quickly than current rescheduling terms allow, on condition that General Babangida steps down and economic reforms are implemented.

As an African proverb might put it: small stick, big carrot.

Euro-mergers

MR KAREL Van Miert, the new EC competition commissioner, must shortly decide whether to recommend an increase in Brussels' powers to vet large EC mergers. The European Commission is under a legal obligation to carry out a review, before the end of the year, of the EC Merger Regulation turnover thresholds, above which the Commission has exclusive competence to investigate mergers.

European industry is broadly in favour of giving Brussels greater powers over cross-border deals. Business likes the advantages the regulation offers of "one-stop shop" merger control and rapid clearance. But there is little enthusiasm for lowering the thresholds among the member states. Only Belgium and the Netherlands are strongly in favour. Britain, France and Germany are opposed. Britain believes that a shift in power to Brussels is premature and runs counter to the new emphasis on subsidiarity. Germany resents the Commission's consistent refusal to refer cases back to the Bundeskartellamt. France, infuriated by the blocking of the Aérospatiale/Alenia bid for De Havilland – the only deal to be blocked under the regulation so far – wants higher thresholds to scale back the Commission's powers. Continued opposition by these three would be sufficient to defeat any Commission proposal for change.

That may be no bad thing. Before contemplating any increase in the Commission's jurisdiction there is a need both for greater transparency to the Brussels decision-making process and for an injection of some element of independence into the system.

Analysis of the merger regulation for the Centre for Economic Policy Research points to a number of weaknesses. The Commission is accused of defining markets too narrowly. Procedures are excessively opaque and unnecessarily open to manipulation. Many of the conditions attached to the clearance of deals are cosmetic and of doubtful effectiveness.

The transparency of merger control could be improved immediately by requiring publication of proposed conditions of settlement before a final decision on clearance is made. This would allow for proper evaluation and for interested third parties to comment. It would also place a much-needed onus on Brussels to justify competition decisions. But a reduction to the scope for political manipulation will never be achieved while the Commission remains investigator, prosecutor, judge and executioner. Responsibility for the investigation of mergers should be hived-off to an independent body leaving the powers of negotiation and decision-making with the Commission.

These proposals will not of themselves safeguard against all political interference but they are likely to produce fairer, more open and more consistent decision-making. Until they have been implemented Mr Van Miert should leave the thresholds alone.

Kenneth Clarke outlines his views on taxes, the economy and the pound to **Philip Stephens** and **Peter Norman**

A rounded bloke at the Treasury

Interviewing Mr Kenneth Clarke is a disarming experience. Chancellors tend to be cryptic and evasive. Their most characteristic skills are caution and a capacity to sidestep awkward questions. Pressed on interest rates, tax policy or the value of the pound, they frustrate their inquisitors with a frozen smile or an infuriating shrug.

Mr Clarke is not like that. The 52-year-old scion of the industrial Midlands has built his political career on a bluntness born of abundant self-confidence. He prefers to say what he thinks rather than worry about how others might interpret it. He has a habit – rare in politics these days – of saying the same to public as in private.

His approach has brought grief during spells running most of Whitehall's big departments. At Westminster the Tory right wing still seethes over his decision in November 1990 to tell the wounded Mrs Margaret Thatcher he would resign unless she stood down.

But the ups have far outweighed the downs. Mr Clarke now holds the second most powerful office in the land. He might yet realise his ambition to become prime minister. He does not intend to be cowed by the financial markets into Delphic obfuscation.

In a hour-long discussion, he spelled out:

● why he might be forced to raise taxes in his November Budget.
● his intention to accelerate the reduction of the government's £50bn borrowing requirement.
● why he had not cut interest rates; and
● how his preference for a managed exchange rate would influence policy towards sterling.

He said he wanted to change the culture of the Treasury and explained why he intended to "sit on the fence" in the debate over independence for the Bank of England.

But above all, Mr Clarke explained the politics which drives his economics: why he had changed the rhetoric of policy making. His starting point was simple. It became a recurring theme. He had no intention of being mesmerised by the Treasury's monetary's motorways or the preoccupations of City scribblers. They were important, but: "The Chancellor of the Exchequer is essentially a political post."

From that perception flowed the central ambition of his chancellorship:

"I regard the whole object of economic policy as making it easier for the wider world, particularly the business community, to deliver greater wealth, more employment and so on."

Mr Clarke paused, perhaps in case the mandarins took fright. He was not abandoning the strategy of his luckless predecessor, Mr Norman Lamont. He was as committed as anyone to sustaining low inflation. He was pledged also to his "obvious, screaming, day-to-day task" of tackling the deficit: "Not just talking about it – but taking necessary action to get it down."

But the Treasury had other roles. It should be constructive, instead of simply "spending its whole life saving money". Above all, Mr Clarke wanted to "relate all we do to the real economy, to commerce, business, creation of wealth, creation of jobs".

But how confident was he that Mr Lamont's green shoots are now firmly rooted? Was the present inflation rate of 1.3 per cent – the lowest for nearly 30 years – one of those infamous "blips"?

There was a note of caution. He had been restrained in his claims about the economic upturn.

But then: "I think the recovery is steady, I mean it's not so patchy as it was. The news has all been consistent for some time now. There was evidence of a fallback in one or two areas in April but nothing to disturb the underlying trend. We do appear to have a recovery. It's not very strong, but it looks like it's going to be sustained."

He would not offer a personal forecast. But there was a hint that growth might outpace the predictions set out in Mr Lamont's March Budget: "In so far as people are revising their forecasts for the growth of the UK economy they tend to be revising them upwards ...I take comfort from that."

Mr Clarke appeared sanguine about prices: "As far as inflation is concerned there are no signs of any inflationary pressures of any kind coming through in any of the data that I have."

Not that he was complacent: past devaluations had too easily translated into higher prices. But "we have a refreshingly low level of pay settlements, a reasonably low level of inflationary expectations so far. Therefore on that front I am reasonably relaxed."

'From the word go I have been saying... recovery in itself is not going to solve the problem of the public finances'

But on one subject Mr Clarke had no cause for optimism. A £1bn-a-week borrowing requirement is unsustainable. He knows it. So he first protested that: "From the word go I have been saying... recovery in itself is not going to solve the problem of the public finances."

Nor did he take much comfort from Mr Major's oft-repeated assertion, blaming 70 per cent of the deficit on the recession. It was a "guesstimate". What matters more "is how much of the deficit will be reduced by recovery if we can sustain it".

Then came a significant policy announcement – the sort you would expect in an important set-piece speech to the City rather than in a interview. Mr Clarke declared that the medium-term profile for the borrowing requirement set out by Mr Lamont – reducing it to 4 per cent of gross domestic product by 1996-97 – was not good enough.

"Where we stand at the moment, the situation appears to be: that on this year's (March) Budget, on this year's public spending remit, on the current forecast of growth, the forecast I have indicates that the deficit is too high." Mr Clarke intended to accelerate the pace of reduction.

There are only three ways he can achieve his ambition. By cutting spending further, by raising taxes or by securing faster economic growth. The chancellor ruled out the first. He does not intend to reduce public spending below the ceilings agreed recently by the cabinet – they were tough but realistic.

So either the economy has to grow faster than predicted or Mr Clarke has to add more tax increases to those already in place. He agreed that was what he meant.

"The stronger or more sustained growth becomes, the less likely I am to look at the tax side of the account. If growth shows signs of faltering or weakening the more likely I am to look for revenue. Its about as Delphic as I can put it."

There were caveats here. The chancellor interjected that his judgment was based on present forecasts for growth. His answers betrayed a hope that come November he will be able to be more optimistic.

He would probably make his final judgment three or four weeks before the Budget: "Then I'll be able to see where we are in anticipating growth. where we are on the public sector borrowing requirement, forecasts of it, and take a judgment about whether we need some revenue to help speed up tackling the deficit."

He was not enthusiastic about the idea of raising taxes. His own instincts were to cut them. But he had to face up to reality.

But why had he not demanded deeper cuts in public spending? Three reasons. The existing ceilings were much tougher than generally realised. Spending was now set to grow by far less than GDP. He also wanted a settlement that was deliverable – not a short-term fix which would quickly unravel.

The chancellor said he intended to "sit on the fence" in the debate over independence for the Bank of England

Third, Mr Clarke made clear he believes in public spending. Its purpose is not simply to buy votes: "The reason for going for public expenditure is because you are committed to certain public programmes which you are bound to deliver. And the objective of the government is to deliver what it said it was going to deliver in a cost-effective way within whatever you judge the country can afford."

Then came a sideswipe: "If you just look at the financial pages, I sometimes think public spending remits are regarded as e test of the government's machismo. This is fine for some bloke who spends his entire life writing – with the greatest respect – for financial readers. It is no way to run a democratic state."

So what taxes would be raised if needs be? There were one or two clues to what he probably would not do. Mr Lamont had hinted he might raise corporate taxes.

This seemed to be "uncharacteristic kite-flying". Mr Clarke went back to the strength of the recovery. "If we don't have a very strong recovery... I don't begin by looking et raising extra taxation from the corporate sector."

He was more equivocal about whittling awey mortgage interest relief. A quick dismantling looks unlikely. "I've no doubt it's something I shall look at in due course, but the idea that its an easy thing just get rid of it... just seems to be currently flavour of the month."

It was time to talk about the exchange rate. Mr Clarke accepts that Britain is unlikely to return to the European exchange rate mechanism this side of the next general election but made no secret still of his preference for a managed, stable pound. So does he intend, like Mr Nigel Lawson, to shadow the D-Mark?

"Straight answer – no. Nigel's experience of shadowing the D-Mark, whilst noble et the time, I think he would accept, did not succeed." He does not think "the exchange rate is "one of those things that can just be left to find its own level". But "for every conceivable reason we are not going to be in the fixed rate exchange rate system for some years to come, and I think therefore it's e mistake to somehow shadow some currency in the ERM or try to allow the exchange rate to dominate policy compared with all other todicators once you're outside".

He added: "I'm not sitting here at the moment thinking I want to see the pound stronger against the DM or I want to see the pound weaker against the DM, I'm not sitting here saying that."

The discussion moved on to the idea of an independent Bank of England. Two out of the last three chancellors have made public pleas for day-to-day control of monetary policy to be passed to the Bank.

Mr Clarke said he would listen carefully to the debate – "Yes, I'm sitting on the fence" – before making up his mind. But "there's nothing that's going to happen in a hurry on the central bank front".

More important than the institutional arrangements was the need to ensure that the right decisions were made over interest rates: "It doesn't matter who the hell takes tha decision," he said.

So what about interest rates – why has he not given a further boost to economic activity by lowering borrowing costs. He sees no reason to do so: "I haven't cut interest rates because I don't think the indicators we use would suggest that we should. I certainly would not just cut interest rates to go for a quick kick-start to the recovery, because I think that would have inflationary implications and I am determined to keep to low inflation".

The trade deficit – at present running at between £15bn and £20bn a year – troubles Mr Clarke. He did not think there would be any problem in financing it. "What concerns me about it, obviously, is what it tells us about competitiveness. I think it shows we have to do a lot more on the supply side of the economy."

The interview has been running for an hour. Mr Clarke has not paused once to consult his papers or check his figures with the attendant Treasury official. There is time (but not space in this account) for him to reiterate his instinctive pro-Europeanism and for him to return to the theme that industry and industrialists count.

But the abiding impression thet Mr Clarke leaves is of his determination to broaden the Treasury's role – to return it to the real world. It needs to be more constructive and positive in setting the government's priorities. "Candle-ends matter but guys here are too bright as to bother all the time about candle-ends."

Trevor Humphries

Kenneth Clarke: 'The British chancellor of the exchequer is essentially a political post'

OBSERVER

Changed address

■ Oh the problems of living in a pluralistic democracy! Senior Russian military officers booked for a course on the topic in London next week have already had their programme altered.

One of the scheduled speakers has succumbed to an attack of the self-same problems and resigned. He is Michael Mates, who was to have addressed them on "the Northern Ireland experience".

Brief as his experience as Northern Ireland minister may have been, Mates could have drawn for material on other personal recollections of the province. The former lieutenant colonel started his army career with the Royal Ulster Rifles, a regiment that has since...er...disappeared.

Even so, the sidelined speaker might still wish to attend the course. One of its declared aims is "to address problems of retraining the large numbers of officers made redundant."

Exchange value

■ Meanwhile another stepped-down speaker – Norman Lamont who has withdrawn from today's "vital topics" seminar at Manchester Business School – may be pleased to know the price the school sets on him.

To compensate, it is offering disappointed customers free admission to any two of the next three talks. They are by NetWest's Lord Alexander on banks, business and the community; David Sieff of Marks & Spencer on the quest for quality; and by Neil Kinnock, Tony Blair and Merlyn Rees on the future of the Labour party.

Hic...haec...hock

■ One puzzling item in the annual report from water industry watchdog, Ofwat, is a quotation from the Roman poet Horace:

Nulla placere diu nec vivere carmina
possunt quae scribuntur aquae potoribus.

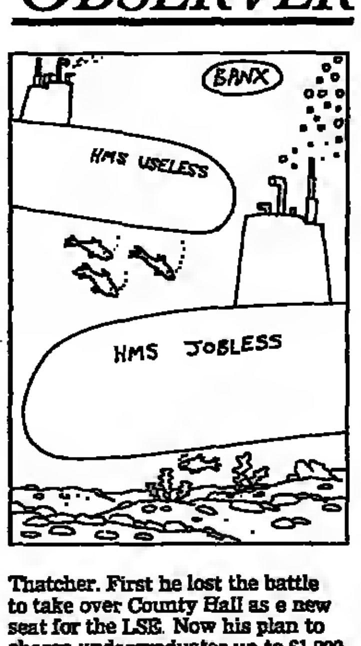
The scholar responsible is the chairman of the outfit's customer service committee for Wales, Archdeacon Raymond Roberts, a former chaplain of the fleet. He mentioned the quote to Ofwat's water-drinking director-general Ian Byatt...and, lo!, the report gives it a full page to itself.

The translation reads: "No songs can please or last for long which are written by water drinkers."

But what does it imply? Is Byatt inciting would-be creative talents to lay off the crystal spring and take to the hooch?

Under review

■ Poor John Ashworth, director of the London School of Economics, whose entrepreneurial approach to academia much impressed Mrs



Thatcher. First he lost the battle to take over County Hall as e new seat for the LSE. Now his plan to charge undergraduates up to £1,000 to compensate for cuts in government funds has been thrown out by the LSE academic board.

It leaves a big hole in the LSE budget, which will not be bridged by plans to raise fees for post-graduate students. That plan has been put on the back burner because of fears overseas students on masters' courses might kick up a fuss if they felt their higher fees were subsidising British undergraduates. The net result could be to pnt paid to the LSE's aspirations to become a world-class postgraduate university.

Many of the dons who voted down the fee plan by 75 votes to 9 felt their director had tried to use the issue to start a national debate on higher education funding. Ashworth, eway on e pre-arranged visit to Taiwan, desperately needs a victory soon if he is to sustain his euthority et the school.

Business as usual

■ It is over four months since German financier Dieter Bock promised to bring Lonrho, one of the most independent-minded British companies, back into the City fold. So where was Bock when Lonrho announced its half-year results yesterday?

Lonrho's new joint chief executive was incommunicado, attending the annual general meeting of the Kempinski Hotel chain in Berlin. As usual, there was not a peep out of Tiny Rowland, the other joint chief executive, and it was left to Tiny's chief stone-waller, deputy chairman Paul Spicer, to field the questions.

Bankophobia

■ Henry Ford the First's aversion to borrowing from banks has infected flamboyant Frenchman Hubert Perrodo, majority owner of oil explorer Kelt Energy. One clash too many with Britain's financial community has resolved him to shun bank finance even if it slows np his ambitious plans for the company.

After the disastrous takeover two years ago of another oil company, Carless, ha was forced to hand over most of Kelt's exploration assets to e group of banks in return for writing off its debts. Now he vows he'd rather miss a deal than go back to the banks.

"The problem with them is that they aren't on the same wevelength as us. "It's not their fault, but they want e pay-back within two or three years and I can't get oil out of the ground before five."

Perrodo, who as chairman of Kelt draws no salary, says he still has $60m to the bank from the sale of a drilling company. Kelt has just agreed a deal with Scottish Power for the electricity company to finance the development of e Kelt gas find which will then fuel a power station.

"We could have financed that ourselves if we'd gone to the bank, but no way! I'd rather take less of the production and let someone else deal with the banks."

Self-financing?

■ A City gent was overheard yesterday loudly wondering why stock market trader Smith New Court, renowned for handing more money to its directors than it distributes to shareholders, should need a £41m rights issue after its best-ever year.

"To pay the staff bonnses?", his companion inquired.

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Japan's Liberal Democrats savage defectors' reputations

By Charles Leadbeater in Tokyo

TOP OFFICIALS of Japan's ruling Liberal Democratic party yesterday launched a vitriolic attack on the record of the leaders of a group of 44 defectors who on Wednesday set up a new party to challenge the LDP in a snap general election on July 18.

Mr Yohei Kono, cabinet secretary, made an unprecedented attack on Mr Tsutomu Hata and Mr Ichiro Ozawa, leaders of the new conservative party, called Shinseito, accusing them of having been involved in corrupt politics in the past.

Mr Kono's attack came as Mr Hata paid courtesy calls on opposition party leaders in which they agreed that the main aim should be to defeat the LDP, which has been in power for 38 years. Social Democratic party leaders said the leaders of the two parties had agreed that they had a unique opportunity to defeat the LDP and to introduce political reforms.

The head of Rengo, Japan's largest trade union federation, joined opposition party officials in calling for a national convocation of opposition parties to be held next week to agree an electoral pact that could pave the way for a coalition government.

However, the difficulties of organising a viable coalition were underlined by Mr Morihiro Hosokawa, leader of the recently formed Japan New party, who said he did not want to join a coalition with Mr Hata's group because of its members' past links with corruption.

Mr Hosokawa said he would co-operate with a 10-strong group of LDP defectors who set up the New Harbinger party this week.

Mr Kono's onslaught, which was endorsed by Mr Kiichi Miyazawa, prime minister, was designed to undermine the credentials of Mr Hata and Mr Ozawa as reformers.

Echoing questions raised by most newspaper editorials after the launch of Shinseito, Mr Kono said the new party's two leaders had been closely linked to Mr Shin Kanemaru, the former LDP power broker who is about to be tried on charges of massive tax evasion.

He also raised doubts about whether Mr Ozawa, a staunch supporter of the US, could agree a common platform with the Social Democratic party, which opposes Japan's security treaty with the US.

However, Mr Kono's attack – which amounts to accusing the defectors of being no better than the LDP – is an indication of the difficulties the ruling party's weakened leadership faces in responding to Mr Hata's challenge.

A poll in the Yomiuri newspaper found that the approval rating for the Miyazawa government had fallen by 15.9 percentage points to 10.4 per cent, the second-lowest rating ever recorded.

The poll, taken before the Shinseito launch, found that the LDP's support had fallen from 40.8 per cent in May to 35.6 per cent this month. The opposition parties' combined support rose from 21.8 per cent to 23.6 per cent.

UK minister quits over Nadir links

By Ralph Atkins and Jimmy Burns in London and John Murray Brown in Kyrenia

Mates, who gave Cypriot a watch, forced from Northern Ireland job

MR JOHN MAJOR, the British prime minister, yesterday suffered another jolt to his leadership when Mr Michael Mates was finally forced to quit as Northern Ireland minister over his links with the fugitive businessman Mr Asil Nadir. After weeks of speculation over his future, Mr Mates bowed to pressure from Conservative MPs and resigned because of the "cumulative damage" caused by revelations about his connections with Mr Nadir.

Mr Mates had written letters to the UK attorney-general in support of Mr Nadir, who was charged with theft and false accounting in Britain after the collapse of Polly Peck International, the fruit and electronics group. Last month, before the case came to trial, Mr Nadir fled to his native northern Cyprus.

It has also emerged in recent weeks that Mr Mates had given Mr Nadir a watch inscribed "Don't let the buggers get you down" and that he had accepted the loan of a car from a public relations adviser of Mr Nadir.

Hinting that he felt the victim of a concerted campaign against him, Mr Mates yesterday complained of "the daily leaking of letters and so-called quotes from unknown sources – most of them wildly inaccurate".

Mr Mates' resignation marked a swift about-turn. Even early yesterday, he appeared determined to remain in office. On Tuesday, Mr Mates said he had the "full confidence" of the prime minister – suggesting he was determined to brazen out the calls for him to resign. But Mr Major had carefully avoided giving anything other than lukewarm support to Mr Mates.

The latest controversy has added to Mr Major's difficulties in exerting his leadership credentials. Conservative MPs now show less inhibition about calling for changes in ministers or policy. For many Conservatives, Mr Major has appeared indecisive over the affair. In another potential embarrassment, Mr Nadir said last night in an interview on Britain's Independent Television News that he had been approached by the Conservative Party to make donations, not the other way around.

Mr Major said in the House of Commons that the resignation had been accepted "with regret" but said he believed Mr Mates had behaved "with complete propriety" in raising Mr Nadir's case with the attorney-general.

Scotland Yard, however, said last night said that a letter written by Mr Mates to the attorney-general complaining about the behaviour of two police officers was based on misinformation.

The letter claimed two Metropolitan Police officers had made extensive inquiries in northern Cyprus about Mr Nadir and his assets. Scotland Yard confirmed that the two officers visited northern Cyprus but said: "They had no association with or responsibility for any investigation relating to Mr Nadir." They were there on completely different business.

Adrift in sea of intrigue, page 7
Orphans of the storm, Page 12

Statoil and Neste join forces in Nordic petrochemicals merger

By Karen Fossli in Oslo

STATOIL, the Norwegian state oil company, and Neste, the Finnish state oil and chemicals group, have agreed to merge their petrochemicals businesses to form Europe's largest producer of polyolefins and the fifth biggest in the world.

The deal is one of the largest Nordic industrial mergers and marks a significant step in the restructuring of Europe's petrochemicals industry, the companies said. Polyolefins are plastics such as polypropylene and polyethylene.

Because Neste's petrochemicals business is more than twice as big as Statoil's, it will receive "several billion kroner" in cash from Statoil when the company is established. The jointly owned company, which is yet to be named, should be in operation by early next year. It will employ more than 6,000 people and have an annual revenue of $2.5bn.

Annual polyolefins capacity will be 2.1m tonnes. Plastics processing will be pursued through Statoil's EuroParts subsidiary in Sweden and other entities.

The new company will have production units in 10 countries and sales offices throughout western Europe, the US and south-east Asia and will have access to feedstock through Statoil's extensive gas production interests.

Statoil and Neste also aim to exchange shareholdings in a number of oil and gas fields on the Norwegian continental shelf.

Mr Terje Wareberg, Statoil group executive vice-president, said the company would be established with "substantial" capital.

The deal is to be completed in the autumn but management will be appointed within weeks. Statoil will choose the chairman and Neste the chief executive. The new company's headquarters will probably be in Brussels.

"This is a major industrial move within the Nordic community and is a necessary and healthy restructuring of an industry which has been hard hit by overcapacity and weak demand," Mr Wareberg said.

Mr Jaakko Ihamuotila, chairman and chief executive of Neste, said the deal would establish a basis for further co-operation with Statoil in the natural gas industry and allow Neste to remain and expand in the petrochemicals and plastics industries.

Kurds take 10 hostages in Germany

Continued from Page 1

police spokesman, said the militants gave Mr Kohl until 8am (0600 GMT) tomorrow to make the address, but he added: "They made no concrete threat." He said the gunmen had ordered food for the hostages and were apparently preparing for a long stay in the consulate.

Mr Renner said police, who were talking with the gunmen, were hoping for "a peaceful solution ... without the use of force".

Mr Bernd Schmidbauer, state secretary in the chancellery, said the attacks would not undermine the good relations between the German and Turkish governments. The government in Bonn has been worried that Germany could become a breeding ground for extremist political groups.

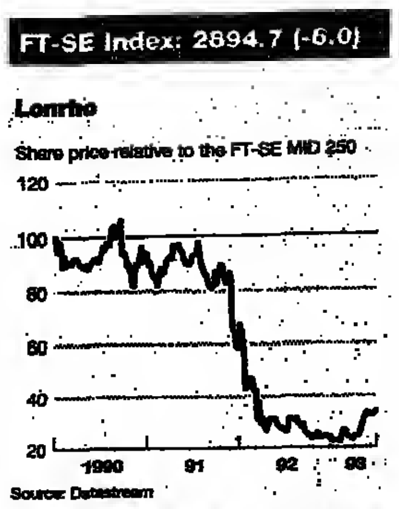
THE LEX COLUMN

TSB's capital question

After all the losses it has piled up as a result of its purchase of Hill Samuel and ill-judged forays into commercial lending, it is astonishing that TSB still has a tier one capital ratio as high as 8.1 per cent. Now that provisions appear to be on a falling trend, surplus capital could become something of a burden. The risk that the bank will again find something stupid on which to fritter away its cash is small. The new management brought in to sort out the mess left by Hill Samuel will not want to suffer the same fate as its predecessors. But TSB's chosen specialisations require relatively little capital. That applies not only to insurance, but also to mortgage lending, which requires only half the capital backing of ordinary commercial credit business.

In terms of operating profit, TSB's strategy may pay off only slowly. The bank has no alternative but to bid up for retail deposits as it cannot expect to retain the low-cost funds on which it depended in pre-privatisation days. The 80 per cent jump in insurance income during the first half will not necessarily be repeated. Part of it reflected the buoyancy of the stock market and part the first significant contribution from general insurance. Nor will costs necessarily continue to fall. But unlike other banks whose capital ratios have suffered from the recession, TSB will not need large retentions from earnings to finance growth in the recovery. Its ability to increase its dividends should be correspondingly greater.

FT-SE Index: 2894.7 (-6.0)



Source: Datastream

Lonrho

Lonrho's unstinting commitment to glasnost was underlined by the absence of the joint chief executive as the company announced its interim results yesterday. Doubtless, Mr Dieter Bock had long-standing business in Germany, but it is surely not beyond the wit of Lonrho to produce its figures and its leading lights at the same time.

Nor do the results themselves give great confidence that things have changed. Most of the jump in profits came from the disposal of VAG, the UK Volkswagen distributor, rather than continuing operations. While the market took comfort from the company's £118m fall in net debt, that comes only after inflows from the rights issue and the VAG sale. Exceptional items apart, cash is still flowing out of the business. Lonrho's continuing businesses may only generate 4p of earnings this year, leaving the shares at a 50 per cent premium to the market. This valuation of the company as a sure-fire recovery prospect is optimistic. Neither mining nor hotels are likely to produce radically improved profits in the near future.

Other hopes rest on Mr Bock's as yet unexplained strategy for Lonrho. But even if he is able to identify avenues for expansion, it is not at all clear how they might be financed. More debt is hardly an option and disposals will not provide enough cash for substantial investment. Appetite for further rights issues or paper-funded acquisitions may be limited, at least until there is clear evidence that the African leopard has finally changed its spots.

Tour operators

The stock market was clearly unnerved by the news of an Office of Fair Trading investigation into the package holiday industry, knocking some 4 per cent off the shares of both Airtours and Owners Abroad. The vertical integration rapidly developing between tour operators and travel agents is certainly worth investigation. The uncertainty is whether the outcome will prove a damp squib or a regulatory Catherine wheel.

Under the terms of the Fair Trading Act, the competition authorities could recommend any number of measures, such as divestment of travel agencies, transparency of treatment for independent operators, or pre-notification of further acquisitions. Moreover, considerations affecting consumer interest and market structure are likely to prevail over parity of treatment. This could, for example, theoretically result in Airtours being forced to divest recently-acquired agencies leaving Thomson's long-established link with Lunn Poly intact.

But although the OFT may be in earnest, there is little evidence the DTI will be similarly minded. Mr Michael Heseltine's brusque dismissal of the OFT's recommendations at the time of the Airtours bid for Owners Abroad suggests the DTI may take some persuading of the case for intervention. This may be especially true given the embarrassing mess it caused in the brewing industry through the implementation of its beer orders. But until such uncertainties are resolved, the quoted tour operators will remain under a cloud, no matter how many tourists they whisk away to sunny beaches.

Smith New Court

Smith New Court has every right to be pleased with itself. A return on capital of 28 per cent last year – due to an astonishing annualised rate of return of 50 per cent in the second half – is twice that achieved by SG Warburg across its investment banking interests. But Smith can no more afford to rest on its laurels than others in the industry. ICI, for example, is targeting an annual return on new investment of 20 per cent. Since the securities business is more volatile than most industrial enterprises, the return achieved by Smith last year is little more than the average investors might expect through the economic cycle.

On that basis, Smith will have to work hard to justify yesterday's £41m rights issue. Strides which have been made to improving the quality of earnings will help. More than half of last year's profits were earned outside the UK. The steady increase in commission income has reduced its dependence on market making, which feeds off the unpredictable level of turnover in the UK stock market. Its reluctance to move into new areas such as bonds or merchant banking is equally comforting. If that makes Smith a less risky investment, investors will accept a lower return.

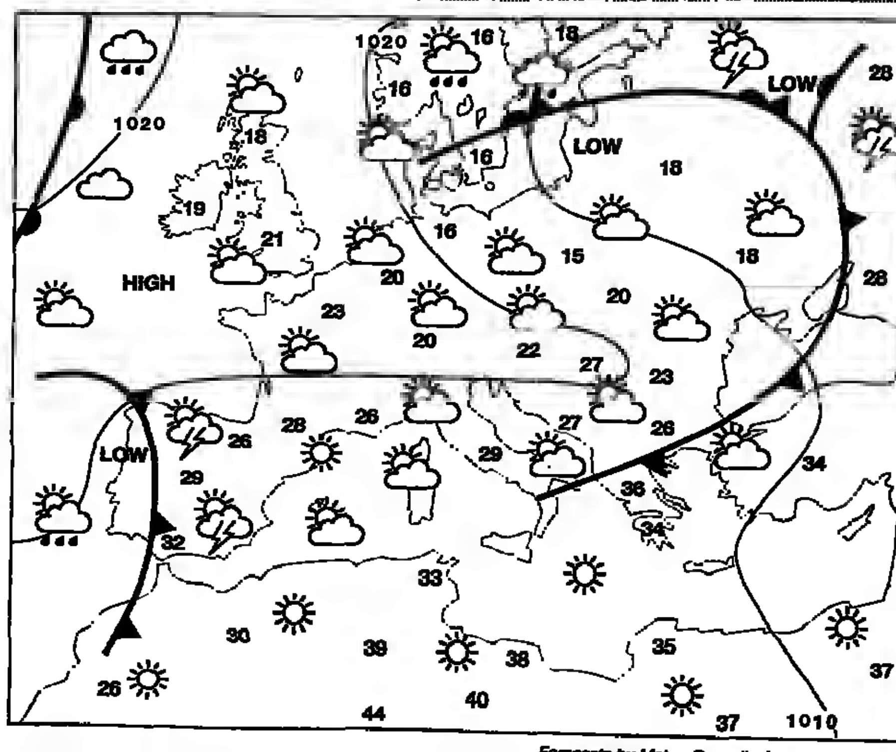
The 14 per cent rise in the shares yesterday suggests the market has concluded that the outlook is both brighter and less changeable than it previously forecast. In risk businesses such as market making and underwriting, though, Smith will always be vulnerable to nasty shocks.

Europe today

A front over southern Italy and eastern Ukraine will extend to southern Scandinavia. South of this front, warm, tropical air will influence Greece and Turkey with afternoon temperatures well above 30C. It will stay dry despite scattered clouds. A weak low pressure area over western Spain will cause some thunder showers. In interior southern Spain temperatures will rise to 30C-33C, but northern Spain will be somewhat cooler. Western and central Euope will be tranquil with partly sunny skies. It will remain dry with a few showers over the far north of Scotland and the German Bight. Low pressure will affect southern Scandinavia and the Baltic States with showery rains.

Five-day forecast

By the weekend, high pressure will build over western Europe. Colder air will push into central regions and the afternoon temperatures will rise no higher than about 20C. The depression over Spain will deepen somewhat on Saturday. Therefore, warmer air will move northward into western and southern Europe making temperatures rise significantly. The northern UK will have cloud and rain at times.



Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	38
Accra	fair	29
Algiers	sun	31
Amsterdam	fair	18
Athens	fair	33
Bangkok	shower	34
Barcelona	fair	26
Beijing	cloudy	32
Belfast	fair	17
Belgrade	sun	24
Berlin	fair	16
Bermuda	fair	28
Birmingham	fair	19
Bogota	cloudy	19
Bombay	cloudy	32
Bordeaux	sun	27
Brussels	fair	20
Budapest	fair	21
Buenos Aires	cloudy	15
Cairo	sun	39
Cape Town	fair	20
Caracas	fair	29
Chicago	fair	27
Cologne	fair	19
Copenhagen	fair	17
D' Salaam	fair	29
Dakar	sun	29
Dallas	fair	34
Darwin	fair	32
Delhi	cloudy	37
Dubai	sun	38
Dublin	fair	17
Dubrovnik	sun	30
Edinburgh	fair	17
Faro	fair	24
Frankfurt	fair	21
Geneva	fair	23
Glasgow	fair	17
Hamburg	shower	15
Helsinki	fair	19
Hong Kong	thund	31
Honolulu	fair	30
Isle of Man	fair	15
Istanbul	fair	28
Jersey	sun	19
Karachi	fair	35
Kuwait	sun	41
La Paz	fair	17
Las Palmas	fair	24
Lisbon	shower	24
London	fair	20
Los Angeles	sun	33
Luxembourg	fair	20
Lyon	fair	24
Madeira	fair	23
Madrid	fair	31
Majorca	sun	31
Malta	sun	31
Manchester	fair	15
Manila	cloudy	33
Melbourne	shower	12
Mexico City	shower	22
Miami	thund	32
Milan	fair	27
Montreal	sun	27
Moscow	shower	20
Munich	fair	20
Nairobi	fair	24
Naples	fair	28
Nassau	shower	31
New York	sun	29
Nice	sun	26
Nicosia	sun	37
Oslo	fair	19
Paris	fair	22
Perth	fair	20
Prague	fair	20
R' de Janeiro	fair	24
Rangoon	cloudy	30
Reykjavik	windy	15
Riyadh	sun	41
Rome	sun	28
S' Francisco	sun	31
Seoul	cloudy	24
Singapore	thund	30
Stockholm	shower	17
Strasbourg	fair	22
Sydney	fair	17
Tel Aviv	sun	32
Tokyo	cloudy	21
Toronto	shower	28
Tunis	sun	33
Vancouver	shower	21
Venice	shower	26
Vienna	fair	20
Warsaw	shower	14
Washington	sun	30
Wellington	shower	10
Winnipeg	shower	16
Zurich	fair	21